



A REPORT
TO THE
MONTANA
LEGISLATURE

FINANCIAL AUDIT

Public Employees' Retirement Board

*For the Fiscal Year Ended
June 30, 2024*

JANUARY 2025

LEGISLATIVE AUDIT
DIVISION

24-08

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FINANCIAL AUDITS

Financial audits are conducted by the Legislative Audit Division to determine if the financial statements included in this report are presented fairly and the agency has complied with laws and regulations having a direct and material effect on the financial statements. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office. Financial audit staff members hold degrees with an emphasis in accounting and many staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require the auditor to issue certain financial, internal control, and compliance reports in addition to those reports required by *Government Auditing Standards*. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2023, was issued August 19, 2024. The submission deadline for the Single Audit Report for the two fiscal years ended June 30, 2025, is March 31, 2026.

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LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

January 2025

The Legislative Audit Committee
of the Montana State Legislature:

It is a pleasure to provide our financial audit report on the Public Employees' Retirement Board (board), a fiduciary component unit of the State of Montana, for the fiscal year ended June 30, 2024. The board administers the state's public employee retirement systems which include:

- Eight defined benefit pension plans,
- A defined contribution pension plan,
- An other post-employment benefit plan, and
- An other employee benefit plan which is a deferred compensation 457 plan.

The report also includes the board-prepared financial statements and related notes. The required supplementary information provides additional information about each retirement plan's total and net pension liability, investments, contributions, and expense data. The supplementary information includes detailed information on investment expenses and the other post-employment benefit plan. The Public Employees' Retirement defined benefit, defined contribution, deferred compensation plan, and education fund also have detailed administrative expenses, assets, liabilities, and related information included in the supplementary information. This report contains no recommendations and our Independent Auditor's Report, which includes an unmodified opinion, meaning the reader can rely on the information presented.

The board's written response to the audit is included in the audit report on page C-1. We thank the Executive Director and his staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver
Legislative Auditor

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APPOINTED AND ADMINISTRATIVE OFFICIALS

	<u>Name</u>	<u>Position</u>	<u>City</u>	<u>Term Expires</u>
Employees' Retirement Board	Maggie Peterson	President, Experience in Investment Management, Counseling, or Financial Planning or Other Similar Experience	Anaconda	April 1, 2024*
	Richard Hickel	Vice President, Member At-Large	Kalispell	March 31, 2026
	Dave Galt	Retired Public Employee, Member of Public Employees' Retirement System (PERS)	Helena	April 1, 2028
	Terry Halpin	Active Member of Public Retirement System	Billings	March 31, 2025
	Doug Kary	Member At-Large	Billings	April 1, 2028
	Jason Strouf	Active Member of Public Retirement System	Miles City	March 31, 2024*
	Sonja Woods	Active Member of Public Retirement System, Defined Contribution Plan	Miles City	April 1, 2027

* Members whose term has expired will continue until new appointments are made per MCA, 2-15-124(2). This is expected to occur after the start of the 2025 legislative session.

Administrative Officials

Bill Holahan, Executive Director

Hollie Resler, Deputy Director/Fiscal Services Bureau Chief

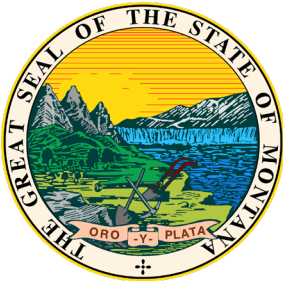
David Swenson, Information Technology Bureau Chief

Jessie Herbert-Meny, Education & Communication Bureau Chief

Nick Domitrovich, Chief Legal Counsel

For additional information concerning the Public Employees' Retirement Board, contact:

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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT Public Employees' Retirement Board FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A report to the Montana Legislature

BACKGROUND

The Public Employees' Retirement Board (board), a fiduciary component unit of the State of Montana, administers eight defined benefit pension plans, one defined contribution pension plan, one other post-employment benefit plan, and one deferred compensation 457 plan.

The Montana Constitution requires the defined benefit pension plans be funded on an actuarially sound basis. Generally, state law considers a defined benefit pension plan actuarially sound when contributions are sufficient to pay benefit obligations as they come due in the future, and the unfunded liability can be amortized in 30 years.

Current law contains a closed 25-year amortization period for legacy unfunded liabilities existing at June 30, 2023 for Highway Patrol Officers', Sheriffs', and Game Wardens' and Peace Officers' retirement plans. Going forward any unfunded liability, referred to as the contemporary unfunded liability, for these three retirement plans will be amortized over closed 10 year periods.

For the second consecutive year, all retirement plans administered by the board amortized within 30 years, with two plans being fully funded. Legislation passed during the 2023 session authorized one-time payments to three of the defined benefit retirement plans which significantly reduced their amortization periods. The investment rate of return of 9.07 percent also contributed to this outcome.

AUDITOR'S OPINION (page A-1): UNMODIFIED

We found the board's financial statements and note disclosures presents fairly the activity of the plans in all material respects. This means the reader can rely on the information presented and the underlying financial records.

For the full context of the board's financial activity, see the financial statements and notes beginning on page A-24.

RECOMMENDATIONS:

In this report, we issued no recommendations and there were no prior audit recommendations to consider.

SUMMARY OF AUDIT WORK:

Objectives

The objectives of this financial audit were to determine if the board's financial statements are presented fairly and if the board has complied with certain laws and regulations. To achieve this, we reviewed support for contributions revenue, benefit payments, and the accuracy of investment balances and net investment income. We also evaluated the board's control systems, including the information system used for processing contributions and benefits. Additionally, we reviewed the financial statements and note disclosures to determine if they were supported by underlying accounting records and actuarial valuations. Finally, we evaluated compliance with select laws and regulations governing investments, contribution revenues, and benefit payments.

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For the full report or more information, contact the Legislative Audit Division.

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Member Information

To accomplish this, we tested data to verify retiree and active member information, referred to as census information, was supported. Material errors in census information can result in inaccurate actuarial calculations. We completed a sample of new active employees of the Firefighters' United Retirement System (FURS), Game Wardens' and Peace Officers' Retirement System (GWPORS), Municipal Police Officers' Retirement System (MPORS), Public Employees' Retirement System (PERS) and Sheriffs' Retirement System (SRS). This encompassed 63 employers. We tested the accuracy of the census information, such as gender, hire date, and birth date, for the employees included in the samples. Additionally, we performed audit procedures over the census information at Highway Patrol Officers' Retirement System (HPORS) and Judges' Retirement System (JRS) separately, as the state is the only contributing employer.

Internal Auditor

At the same time, we reduced the extent of our audit work on the census information, contribution revenues, and benefit payments by leveraging the work completed by the board's internal compliance auditor, an efficiency allowed by auditing standards. We performed audit procedures over 11 of the 55 employer audits completed by the compliance auditor during fiscal year 2024. As required by auditing standards, we reperformed the compliance auditor's procedures as a basis for our reliance and identified no errors.

Actuary

We hired an independent actuary to provide expertise during the audit. This included reviewing the plans' actuarial valuations and the assumptions underlying the calculation of the total pension liability. Our actuary determined the methodology used by the board's actuary was reasonable and consistent with actuarial standards. Further, our actuary recalculated the amortization periods of the pension liabilities.

Status of Pension Plans

The Montana Constitution requires the defined benefit pension plans be funded on an actuarially sound basis. Generally, state law considers a defined benefit pension plan actuarially sound when contributions are sufficient to pay benefit obligations as they come due in the future, and the unfunded liability can be amortized in 30 years. The most recent actuarial valuations performed as of June 30, 2024, found the defined benefit pension plans all amortize within 30 years. (See Figure 1 on page S-3 for the amortization periods). Favorable investment conditions contributed to the reduced amortization periods.

Additionally, the Legislature passed HB 569 during the 2023 session, authorized one-time payments to HPORS, SRS, and GWPORS. This legislation also created closed 25-year amortization periods for legacy unfunded liabilities of these three retirement plans. Legacy unfunded liability refers to the plan's unfunded liability as of June 30, 2023, for these plans. This means the current fixed 25-year amortization period will reduce by one year for each year that passes after the legislation was enacted. Going forward, any new unfunded liability, known as the contemporary unfunded liability, will only be amortized over closed 10-year periods after each valuation for HPORS, SRS, and GWPORS. This legislation also revised contribution laws to enable this amortization methodology to occur. See the board's note disclosure "A3. Net Pension Liability of Employers," on page A-33.

Figure 1
Amortization Periods Over 5 Fiscal Years

In 2024, all retirement systems amortize within the required 30 years.



*In 2022, plan's unfunded liability did not amortize.

**The plan was fully funded all five years.

Source: Compiled by the Legislative Audit Division from Public Employees' Retirement Board retirement systems' actuarial valuations.

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Table 1 summarizes each plan's total and net pension liability or asset, which are financial reporting measurements. The total pension liability is today's value of future benefit payments projected by an actuary to be paid out by the plan to participants over the life of the plan. The estimate is calculated as of June 30, 2024, and is based on member service and other census information. The net pension liability or asset is the difference between the plan's bottom line (net position) and the actuary's estimated total pension liability. If the plan's bottom line can cover the total pension liability, the plan has a net pension asset. However, if the plan's bottom line cannot cover the total pension liability, the plan has a net pension liability. The net pension asset or liability is allocated to plan participating employers and nonemployer contributing entities for inclusion in their financial reporting of assets and liabilities.

Table 1 <u>Total and Net Pension Liability</u> Fiscal Year Ended June 30, 2024		
Defined Benefit Retirement Plan	Total Pension Liability	Net Pension Liability (Asset)
Public Employees'	\$ 9,696 M	\$ 2,446 M
Municipal Police Officers'	\$ 859 M	\$ 224 M
Firefighters' United	\$ 845 M	\$ 135 M
Sheriffs'	\$ 686 M	\$ 123 M
Highway Patrol Officers'	\$ 292 M	\$ 67 M
Game Wardens' and Peace Officers'	\$ 377 M	\$ 26 M
Volunteer Firefighters' Compensation Act	\$ 52 M	\$ (3) M
Judges'	\$ 76 M	\$ (62) M
Source: Compiled by the Legislative Audit Division from Public Employees' Retirement Board retirement systems' actuarial information.		

REPORT ON INTERNAL CONTROL AND COMPLIANCE

(page B-1):

In this report, we identified the following:

Material Weaknesses in Internal Control: 0

Significant Deficiencies in Internal Control: 0

Material Non-Compliance: 0

Other Matters: 0

For the full context of this information, including the distinction between the types of items reported, see the report beginning on page B-1.

Independent Auditor's Report and Board Financial Statements

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Public Employees' Retirement Board, a fiduciary component unit of the State of Montana, which are comprised of the Statement of Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds as of June 30, 2024, and the related Statement of Changes in Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Employees' Retirement Board (board) as of June 30, 2024, and the changes in fiduciary net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following required supplementary information be presented to supplement the basic financial statements:

- Management's Discussion and Analysis
- Schedule of Changes of Multiple-Employer Plans Net Pension Liability/(Asset)
- Schedule of Changes in Single Employer Plans Net Pension Liability/(Asset)
- Schedule of Net Pension Liability/(Asset) for Multiple-Employer Plans
- Schedule of Net Pension Liability/(Asset) for Single-Employer Plans
- Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans
- Schedule of Employer Contributions for Single-Employer Plans
- Schedule of Investment Returns for Multiple-Employer Plans
- Schedule of Investment Returns for Single-Employer Plans
- Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten Fiscal Years
- Related Notes

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The following supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements:

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)
- Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd)
- Detail of Fiduciary Net Position (PERS-DCRP and PERS-DCEd)
- Detail of Changes in Fiduciary Net Position (PERS-DCRP and PERS-DCEd)

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

December 16, 2024

Public Employees' Retirement Board

A Component Unit of the State of Montana

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's (PERB) financial presentation and performance of the plans administered by the PERB for the fiscal year ending June 30, 2024. Throughout this discussion and analysis, the units of measure (i.e., thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

Summary Statement of Fiduciary Net Position - ALL PERB Pension Plans						
(in thousands)	Defined Benefit Total		Percent Change	Defined Contribution Total		Percent Change
	2024	2023		2024	2023	
Total Assets	\$ 10,291,908	\$ 9,403,438	9.4 %	\$ 506,198	\$ 426,974	18.6 %
Deferred Outflow of Resources	270	318	(15.1) %	38	25	52.0 %
Total Liabilities	353,074	99,861	253.6 %	787	645	22.0 %
Deferred Inflow of Resources	370	424	(12.7) %	52	33	57.6 %
Total Fiduciary Net Position Restricted	\$ 9,938,734	\$ 9,303,471	6.8 %	\$ 505,397	\$ 426,321	18.5 %

The Public Employees' Retirement Board's (PERB's) defined benefit plans combined total fiduciary net position increase of \$635.3 million in fiscal year 2024 was primarily attributed to an increase in the value of the investments of \$628.2 million.

The PERB's defined contribution plan combined total fiduciary net position increase of \$79.1 million in fiscal year 2024 was primarily attributed to the increase in the value of the investments of \$78.5 million. Investments in members' defined contribution assets are self-directed, as participants direct their investment allocation to the various investment options. Therefore, the impact to net investment earnings is a result of the members' investment choices with varying degrees of risk and return potential and the change in the investment values due to investment performance.

Summary Statement of Changes in Fiduciary Net Position - ALL PERB Pension Plans						
(in thousands)	Defined Benefit Total		Percent Change	Defined Contribution Total		Percent Change
	2024	2023		2024	2023	
Additions (by major source)						
Contributions	\$ 535,157	\$ 413,547	29.4 %	\$ 42,544	\$ 38,814	9.6 %
Net Investment Earnings	835,757	733,213	14.0 %	69,396	46,628	48.8 %
Total Additions	1,370,914	1,146,760	19.5 %	111,940	85,442	31.0 %
Deductions (by type)						
Benefits, Refunds and Transfers	728,003	693,817	4.9 %	31,578	22,208	42.2 %
Administrative Expenses and Other Expenses	7,546	7,492	0.7 %	1,286	950	35.4 %
Total Deductions	735,549	701,309	4.9 %	32,864	23,158	41.9 %
Increase / (Decrease) in Net Position	635,365	445,451	42.6 %	79,076	62,284	27.0 %
Beginning of Year Net Position	\$ 9,303,471	\$ 8,856,876	5.0 %	\$ 426,321	\$ 364,037	17.1 %
Adjustment & Restatement	(102)	1,144	(108.9) %			
Beginning of Year Net Position, adjusted or restated	\$ 9,303,369	\$ 8,858,020				
End of Year Net Position	\$ 9,938,734	\$ 9,303,471	6.8 %	\$ 505,397	\$ 426,321	18.5 %

The defined benefit plans combined revenues (additions to the plan net position) and expenses (deductions to plan net position) for fiscal year 2024 increased the net position \$635.3 million, which can be attributed to a combination of increases in investment earnings of \$102.5 million and in contributions of \$121.6 million.

In analyzing the administrative expenses for all defined benefit systems, overall, the administrative expenses had an increase of \$51.6 thousand or a 0.7% increase. Of that increase, \$146.6 thousand or 86.2% was personnel services for hiring of new and vacant positions combined with a \$95.0 thousand decrease in the other expenses. Further information on administrative expenses of the Plans may be found in the supplementary information schedules.

The defined contribution plan combined revenues and expenses for fiscal year 2024 increased the net position \$79.1 million. This is largely due to a 48.8% increase in investment earnings that totaled \$69.4 million.

Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, took effect during the fiscal year ending June 30, 2024. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). As explained in further detail in *Note A1*, (a) an accounting change was made with the Healthcare Other Post-Employment Benefits (OPEB) expenses being consolidated into the administrative expenses. The aggregated expense was \$2,376. For (b), the aggregated corrections were \$(102.1) thousand with the corrections being made during this fiscal

year. These are on the *Statement of Changes in Fiduciary Net Position as Adjustments and Restatements*.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in the *Consolidated Asset Pension Pool (CAPP)* and the *Montana Short-Term Investment Pool (STIP)*. Each plan owns an equity position in the pools and receives proportionate investment income from the pools in accordance with respective ownership. Each plan's allocated share of the investment in the pool is shown in the *Statement of Fiduciary Net Position* of the plan. Investment gains and losses are reported in the *Statement of Changes in Fiduciary Net Position*.

Investment Performance

As reported by the Montana Board of Investments (BOI) Chief Investment Officer Jon Putnam, the Public Employees' Retirement System (PERS) realized a 9.07% net return during the 2024 fiscal year. Net return performance for PERS since inception was 7.76% annualized. Returns over longer time frames compare favorably with the public fund, peer universe with 10-year returns ranked in the top decile. More importantly, long-term returns exceed the current PERS actuarial return rate of 7.30%. Similar returns were realized for all other MPERA retirement systems.

Returns across most asset classes were positive in fiscal year 2024 led by a resilient United States economy, declining inflation, and enthusiasm around artificial intelligence. Domestic Equity (22.46%), International Equity (10.69%), Non-Core Fixed Income (9.05%), Real Assets (6.65%), Cash (5.53%), Private Investments (3.95%), and Core Fixed Income (2.83%) posted positive returns. Real Estate (-4.16%) was the only asset class to post a negative return during the fiscal year.

The asset allocation approved by the BOI is designed to achieve the pension funds strategic objectives while minimizing risk. It provides a framework to capture gains over the long-term while protecting against unmanageable losses during periodic economic declines.

Going forward, the market faces multiple obstacles including ongoing geopolitical tension, slower global growth, elevated global debt, and aging demographics. Market uncertainty is elevated, thus making prudent diversification a critical pillar of the portfolio.

BOI continues to pursue attractive investment opportunities. We expect periods of extreme market volatility and continually mitigate risks to meet the liquidity needs of the pension plans. BOI believes that disciplined execution of our investment process will help us achieve the long-term objectives of the pension plans.

Analysis of the Individual Defined Benefit Plans

In analyzing the Summary Statements for the individual Defined Benefit Plans, the following PERB expectations are used based on historical data.

- Contributions to increase by 3.5% based on increasing membership and potential pay increases.
- Benefits to increase by 7% based on an increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Administrative expenses to increase by 6%.
- Actuarial rate of return on investments of 7.30%.

For investment earnings refer to the previous page for discussion on the *Investment Performance* and the *Investment Section* for individual plan performance for fiscal year 2024.

The administrative expenses and other expense totals for each Plan includes administrative, healthcare other post-employment benefits (OPEB), lease principal and lease interest expenses. These expenses are accounted for within PERS-DBRP and allocated to the other defined benefit funds at year-end. The allocation percentages are derived from the active and retiree membership at the end of the fiscal year for each defined benefit plan. An increase in membership correlates to an increase of costs to administer the Plan and an increase in the allocation percentage for each Plan.

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PERS-Defined Benefit Retirement Plan (PERS-DBRP) and Education

The PERS-DBRP fiduciary net position restricted for pension benefits as of June 30, 2024, the largest PERB defined benefit retirement fund, increased \$329.0 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of significant changes to the PERS-DBRP:

Summary of Fiduciary Net Position - PERS-DBRP			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 7,510,027	\$ 6,996,405	7.3 %
Deferred Outflow of Resources	234	318	(26.4)%
Total Liabilities	259,474	74,797	246.9 %
Deferred Inflow of Resources	320	424	(24.5)%
Total Net Position - restricted for pension benefits	\$ 7,250,467	\$ 6,921,502	4.8 %

Summary of Changes in Fiduciary Net Position - PERS-DBRP			
(dollars in thousands)	2024	2023	% Change
Additions (by major source)			
Contributions	\$ 304,865	\$ 287,834	5.9 %
Investment Earnings	612,046	549,340	11.4 %
Total Additions	916,911	837,174	9.5 %
Deductions (by type)			
Benefits, Refunds and Transfers	581,725	559,398	4.0 %
Administrative Expenses and Other Expenses	6,125	6,246	(1.9)%
Total Deductions	587,850	565,644	3.9 %
Increase/(Decrease) in Net Position	\$ 329,061	\$ 271,530	21.2 %
Beginning of Year Net Position	\$ 6,921,502	\$ 6,649,820	4.1 %
Adjustment and Restatement	(96)	152	(163.2)%
Beginning of Year Net Position, adjusted or restated	\$ 6,921,406	\$ 6,649,972	
End of Year Net Position	\$ 7,250,467	\$ 6,921,502	4.8 %

- Contributions are anticipated to grow by 3.5% yearly per our actuarial assumption as a result of raises members receive, the increase in contributions in the current fiscal year was 5.9%. In addition to the anticipated yearly increase, there was an increase of 982, or 3.3%, of active members in the plan.

PERS-Defined Contribution Retirement Plan (PERS-DBRP) DISABILITY OPEB

The DCRP Disability OPEB net position restricted for pension benefits as of June 30, 2024 increased from the prior fiscal year by \$1.8 million, a result of strong investment returns. Below is an individual analysis of the PERS-DCRP Disability OPEB:

Summary of Fiduciary Net Position - DCRP Disability OPEB			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 10,476	\$ 8,604	21.8 %
Total Liabilities	33		
Total Net Position - restricted for pension benefits	\$ 10,443	\$ 8,604	21.4 %

Summary of Changes in Fiduciary Net Position - DCRP Disability OPEB			
(dollars in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 710	\$ 650	9.2 %
Investment Earnings	1,228	864	42.1 %
Total Additions	1,938	1,514	28.0 %
Deductions (by type):			
Benefits, Refunds and Transfers	99	91	8.8 %
Total Deductions	99	91	8.8 %
Increase/(Decrease) in Net Position	1,839	\$ 1,423	29.2 %
Beginning of Year Net Position	\$ 8,604	\$ 7,181	19.8 %
End of Year Net Position	\$ 10,443	\$ 8,604	21.4 %

- The employer contributions are 0.30% of the member's compensation, therefore, the increase is attributed to an increase of 171 active members contributing, as well as member compensation increases.
- The plan's total net investment earnings increased from the prior fiscal year by 42.1%. The growth is because of strong investment returns, a factor of a resilient United States economy and decline in inflation.
- Even though there was a decrease of one retiree, the benefits increased due to larger benefits. There were six retirees receiving benefits at June 30, 2024.

Judges Retirement System (JRS)

The JRS net position restricted for pension benefits as of June 30, 2024, increased \$7.7 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the JRS:

Summary of Fiduciary Net Position - JRS			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 143,415	\$ 132,200	8.5 %
Total Liabilities	4,862	1,343	262.0 %
Total Net Position - restricted for pension benefits	\$ 138,553	\$ 130,857	5.9 %

Summary of Changes in Fiduciary Net Position - JRS			
(dollars in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 630	\$ 648	(2.8)%
Investment Earnings	11,643	10,331	12.7 %
Total Additions	12,273	10,979	11.8 %
Deductions (by type):			
Benefits, Refunds and Transfers	4,522	4,427	2.1 %
Administrative Expenses and Other Expenses	55	53	3.8 %
Total Deductions	4,577	4,480	2.2 %
Increase/(Decrease) in Net Position	\$ 7,696	\$ 6,499	18.4 %
Beginning of Year Net Position	\$ 130,857	\$ 124,358	5.2 %
End of Year Net Position	\$ 138,553	\$ 130,857	5.9 %

- Contributions decreased from the prior fiscal year by \$17.9 thousand. The decrease is due to the employer contribution being actuarially determined to be zero for fiscal year 2024.

Highway Patrol Officers' Retirement System (HPORS)

The HPORS net position restricted for pension benefits as of June 30, 2024, increased \$38.3 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the HPORS:

Summary of Fiduciary Net Position - HPORS			
(dollars in thousands)	<u>2024</u>	<u>2023</u>	% Change
Total Assets	\$ 233,221	\$ 188,542	23.7 %
Deferred Outflow of Resources	1		
Total Liabilities	8,344	1,954	327.0 %
Deferred Inflow of Resources	2		
Total Net Position - restricted for pension benefits	\$ 224,876	\$ 186,588	20.5 %

Summary of Changes in Fiduciary Net Position - HPORS			
(dollars in thousands)	<u>2024</u>	<u>2023</u>	% Change
Additions (by major source):			
Contributions	\$ 37,513	\$ 11,491	226.5 %
Investment Earnings	19,083	14,637	30.4 %
Total Additions	56,596	26,128	116.6 %
Deductions (by type):			
Benefits, Refunds and Transfers	18,223	15,401	18.3 %
Administrative Expenses and Other Expenses	85	79	7.6 %
Total Deductions	18,308	15,480	18.3 %
Increase/(Decrease) in Net Position	\$ 38,288	\$ 10,648	259.6 %
Beginning of Year Net Position	\$ 186,588	\$ 175,940	6.1 %
End of Year Net Position	\$ 224,876	\$ 186,588	20.5 %

- The increase in contributions is primarily due to a one-time general fund state appropriation of \$27.6 million. The statutorily appropriated contribution from the HPORS retention fund received for fiscal year 2024 was \$500 thousand, a decrease of \$1.5 million from the prior fiscal year of \$2.0 million. These are recorded as *State Appropriations* on the financial statements.
- There was an increase in refunds of \$2.0 million, a result of an increase of Deferred Retirement Option Program (DROP) benefit rollovers.
- An increase in benefits of \$829.2 thousand is a result of a 2.4% increase in benefit recipients.

Sheriffs' Retirement System (SRS)

The SRS net position restricted for pension benefits as of June 30, 2024, increased \$68.8 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the SRS:

Summary of Fiduciary Net Position - SRS			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 583,394	\$ 500,014	16.7 %
Deferred Outflow of Resources	9		
Total Liabilities	19,897	5,345	272.3 %
Deferred Inflow of Resources	12		
Total Net Position-restricted for pension benefits	\$ 563,494	\$ 494,669	13.9 %

Summary of Changes in Fiduciary Net Position - SRS			
(dollars in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 53,832	\$ 24,669	118.2 %
Investment Earnings	47,182	38,824	21.5 %
Total Additions	101,014	63,493	59.1 %
Deductions (by type):			
Benefits, Refunds and Transfers	31,884	29,375	8.5 %
Administrative Expenses and Other Expenses	305	266	14.7 %
Total Deductions	32,189	29,641	8.6 %
Increase/(Decrease) in Net Position	\$ 68,825	\$ 33,852	103.3 %
Beginning of Year Net Position	\$ 494,669	\$ 460,195	7.5 %
Adjustment and Restatement		622	
Beginning of Year Net Position, adjusted or restated		\$ 460,817	
End of Year Net Position	\$ 563,494	\$ 494,669	13.9 %

- The \$29.2 million increase in contributions from the prior fiscal year, is primarily due to a one-time general fund state appropriation of \$26.8 million. This is recorded as *State Appropriations* on the financial statements. There was also an increase of 33 active members contributing to the plan, a 2.1% increase from the prior fiscal year.
- The \$2.3 million increase in benefits from the prior fiscal year is due to a 4.0% increase in benefit recipients, in addition to an increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA).
- The \$38.5 thousand increase in administrative expenses is due to an increase in active and retiree membership. Refer to the discussion in this section on how the allocation of the administrative expenses are derived.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

The GWPORS net position restricted for pension benefits as of June 30, 2024, increased \$70.4 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the GWPORS:

Summary of Fiduciary Net Position - GWPORS			
(dollars in thousands)	<u>2024</u>	<u>2023</u>	% Change
Total Assets	\$ 363,819	\$ 284,138	28.0 %
Deferred Outflow of Resources	5		
Total Liabilities	12,384	3,057	305.1 %
Deferred Inflow of Resources	7		
Total Net Position-restricted for pension benefits	\$ 351,433	\$ 281,081	25.0 %

Summary of Changes in Fiduciary Net Position - GWPORS			
(dollars in thousands)	<u>2024</u>	<u>2023</u>	% Change
Additions (by major source):			
Contributions	\$ 55,504	\$ 11,754	372.2 %
Investment Earnings	29,471	21,971	34.1 %
Total Additions	84,975	33,725	152.0 %
Deductions (by type):			
Benefits, Refunds and Transfers	14,412	12,942	11.4 %
Administrative Expenses and Other Expenses	210	184	14.1 %
Total Deductions	14,622	13,126	11.4 %
Increase/(Decrease) in Net Position	\$ 70,353	\$ 20,599	241.5 %
Beginning of Year Net Position	\$ 281,081	\$ 260,437	7.9 %
Adjustment and Restatement	(1)	45	(102.2)%
Beginning of Year Net Position, adjusted or restated	\$ 281,080	\$ 260,482	
End of Year Net Position	\$ 351,433	\$ 281,081	25.0 %

- The \$43.7 million increase in contributions is primarily due to a one-time general fund state appropriation of \$41.2 million. This is recorded as *State Appropriations* on the financial statements. There was also an increase of 28 active members contributing to the plan, a 2.8% increase from the prior fiscal year.
- The \$1.3 million increase in benefits is a result of an increase of 39 benefit recipients, a 8.0% increase from the prior fiscal year.
- Even though there was a decrease in the number of members taking refunds this fiscal year, there was a \$153 thousand increase from the prior fiscal year, a result of refunds being processed at larger dollar amounts.
- The \$26.5 thousand increase in administrative expenses is due to an increase in active and retiree membership. Refer to the discussion in this section on how the allocation of the administrative expenses are derived.

Montana Police Officers' Retirement System (MPORS)

The MPORS net position restricted for pension benefits as of June 30, 2024, increased by \$49.2 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the MPORS:

Summary of Fiduciary Net Position - MPORS			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 656,924	\$ 591,817	11.0 %
Deferred Outflow of Resources	5		
Total Liabilities	21,821	5,958	266.2 %
Deferred Inflow of Resources	7		
Total Net Position - restricted for pension benefits	\$ 635,101	\$ 585,859	8.4 %

Summary of Changes in Fiduciary Net Position - MPORS			
(dollars in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 36,870	\$ 35,450	4.0 %
Investment Earnings	52,494	44,606	17.7 %
Total Additions	89,364	80,056	11.6 %
Deductions (by type):			
Benefits, Refunds and Transfers	39,922	36,715	8.7 %
Administrative Expenses and Other Expenses	198	173	14.5 %
Total Deductions	40,120	36,888	8.8 %
Increase/(Decrease) in Net Position	\$ 49,244	\$ 43,168	14.1 %
Beginning of Year Net Position	\$ 585,859	\$ 542,651	8.0 %
Adjustment and Restatement	(2)	40	(105.0)%
Beginning of Year Net Position, adjusted or restated	\$ 585,857	\$ 542,691	
End of Year Net Position	\$ 635,101	\$ 585,859	8.4 %

- Contributions increased from the prior fiscal year as a result of an increase of 24 active members contributing to the plan. In addition to the employer and member contributions, there is a statutorily appropriated contribution from the State's general fund and is reported as *State Appropriations* on the financial statements. This contribution increased by \$864.7 thousand from the prior fiscal year.
- The increase in benefits from the prior year is due to the increase of 29 benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- The increase in refunds from the prior year is a result of an increase in the Deferred Retirement Option Program (DROP) benefit rollovers.
- The \$24.3 thousand increase in administrative expenses is due to an increase in active and retiree membership. Refer to the discussion in this section on how the allocation of the administrative expenses are derived.

Firefighters' Unified Retirement System (FURS)

The FURS net position restricted for pension benefits as of June 30, 2024, increased by \$65.7 million, from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the FURS:

Summary of Fiduciary Net Position - FURS			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 733,299	\$ 650,179	12.8 %
Deferred Outflow of Resources	4		
Total Liabilities	23,915	6,477	269.2 %
Deferred Inflow of Resources	6		
Total Net Position - restricted for pension benefits	\$ 709,382	\$ 643,702	10.2 %

Summary of Changes in Fiduciary Net Position - FURS			
(dollars in thousands)	2024	2023	% Change
Additions:			
Contributions	\$ 41,714	\$ 37,894	10.1 %
Investment Earnings	58,185	48,813	19.2 %
Total Additions	99,899	86,707	15.2 %
Deductions:			
Benefits, Refunds and Transfers	34,059	32,355	5.3 %
Administrative Expenses and Other Expenses	160	143	11.9 %
Total Deductions	34,219	32,498	5.3 %
Increase/(Decrease) in Net Position	\$ 65,680	\$ 54,209	21.2 %
Beginning of Year Net Position	\$ 643,702	\$ 589,208	9.2 %
Adjustment and Restatement		285	100.0 %
Beginning of Year Net Position, adjusted or restated		\$ 589,493	
End of Year Net Position	\$ 709,382	\$ 643,702	10.2 %

- Contributions increased from the prior fiscal year because of a slight increase of seven active members contributing to the plan. In addition to the employer and member contributions, there is a statutorily appropriated contribution from the State's general fund and is reported as *State Appropriations* on the financial statements. This appropriation increased by \$2.2 million from the prior fiscal year.
- The \$17.8 thousand increase in administrative expenses is due to an increase in active and retiree membership. Refer to the discussion in this section on how the allocation of the administrative expenses are derived.

Volunteer Firefighters' Compensation Act (VFCA)

The VFCA net position restricted for pension benefits as of June 30, 2024, had an increase of \$4.4 million from the prior fiscal year, a result of a net investment rate of return of 9.07%. Below is an individual analysis of the VFCA:

Summary of Fiduciary Net Position - VFCA			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 57,332	\$ 51,538	11.2 %
Deferred Outflow of Resources	12		
Total Liabilities	2,344	931	151.8 %
Deferred Inflow of Resources	16		
Total Net Position-restricted for pension benefits	\$ 54,984	\$ 50,607	8.6 %

Summary of Changes in Fiduciary Net Position - VFCA			
(dollars in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 3,519	\$ 3,156	11.5 %
Investment Earnings	4,426	3,827	15.7 %
Total Additions	7,945	6,983	13.8 %
Deductions (by type):			
Benefits, Refunds and Transfers	3,157	3,114	1.4 %
Administrative Expenses and Other Expenses	408	348	17.2 %
Total Deductions	3,565	3,462	3.0 %
Increase/(Decrease) in Net Position	\$ 4,380	\$ 3,521	24.4 %
Beginning of Year Net Position	\$ 50,607	\$ 47,086	7.5 %
Adjustment and Restatement	\$ (3)		
Beginning of the Year Net Position, adjusted or restated	\$ 50,604		
End of Year Net Position	\$ 54,984	\$ 50,607	8.6 %

- Contributions increased from the prior fiscal year due to increased fire insurance premium taxes distributed to the VFCA from the general fund. This is a statutorily appropriated contribution from the State's general fund and is reported as a *Statutory Appropriation* on the financial statements.
- The \$58.3 thousand increase in administrative expenses is due to an increase in active and retiree membership. Refer to the discussion in this section on how the allocation of the administrative expenses are derived.

Analysis of the Defined Contribution Plan

The PERB administers a defined contribution plan the *Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP)*.

The PERS-DCRP net position restricted for pension benefits as of June 30, 2024, increased by \$79.1 million from the prior fiscal year. A defined contribution plan's net position will change annually based on individual participant's decisions on contributions, claims and the investment mix that derives the investment return. Below is an individual analysis of the PERS-DCRP:

Summary of Fiduciary Net Position - PERS- DCRP			
(in thousands)	2024	2023	% Change
Total Assets	\$ 506,198	\$ 426,974	18.6 %
Deferred Outflow of Resources	38	25	52.0 %
Total Liabilities	787	645	22.0 %
Deferred Inflow of Resources	52	33	57.6 %
Total Net Position - restricted for pension benefits	\$ 505,397	\$ 426,321	18.5 %

Summary of Changes in Fiduciary Net Position - PERS-DCRP			
(in thousands)	2024	2023	% Change
Additions (by major source):			
Contributions	\$ 42,544	\$ 38,814	9.6 %
Investment Earnings	69,396	46,628	48.8 %
Total Additions	111,940	85,442	31.0 %
Deductions (by type):			
Refunds/Distributions	31,578	22,208	42.2 %
Administrative Expenses and Other Expenses	1,286	950	35.4 %
Total Deductions	32,864	23,158	41.9 %
Increase/(Decrease) in Net Position	\$ 79,076	\$ 62,284	27.0 %
Beginning of Year Net Position	\$ 426,321	\$ 364,037	17.1 %
End of Year Net Position	\$ 505,397	\$ 426,321	18.5 %

- The plan reported a net investment earnings this fiscal year of \$69.4 million as opposed to net investment earnings of \$46.6 million in the previous fiscal year. This is reflective of an increase in investment returns and members contributing to the plan.
- The number of recipients receiving distributions increased by 171 from the prior fiscal year. The increase in distributions was due to an increase in defined contribution members taking IRS permitted rollovers and periodic or lump sum distributions.
- The costs of administering the plan increased from the prior fiscal year by \$329.6 thousand. This increase is a result of increased salaries and other services.

Analysis of the Deferred Compensation (457(b)) Plan

The *Deferred Compensation (457(b))* plan is presented as an other employee benefit not a pension benefit.

The Deferred Compensation (457(b)) Plan net position available for plan benefits as of June 30, 2024, increased by \$43.1 million from prior fiscal year. This increase was primarily due to an increase in investment earnings reflective of strong investment returns. Below is an individual analysis of the 457(b) Plan:

Summary of Fiduciary Net Position - 457(b) Plan			
(dollars in thousands)	2024	2023	% Change
Total Assets	\$ 643,950	\$ 600,839	7.2 %
Deferred Outflow of Resources	10	9	11.1 %
Total Liabilities	443	419	5.7 %
Deferred Inflow of Resources	13	12	8.3 %
Total Net Position - restricted for other employee benefits	\$ 643,504	\$ 600,417	7.2 %

Summary of Changes in Fiduciary Net Position - 457(b) Plan			
(dollars in thousands)	2024	2023	% Change
Additions:			
Contributions	\$ 29,911	\$ 26,266	13.9 %
Investment Earnings	82,115	53,757	52.8 %
Total Additions	112,026	80,023	40.0 %
Deductions:			
Refunds/Distributions	67,708	44,752	51.3 %
Administrative Expenses and Other Expenses	1,236	1,336	(7.5)%
Total Deductions	68,944	46,088	49.6 %
Increase/(Decrease) in Net Position	\$ 43,082	\$ 33,935	27.0 %
Beginning of the Year Net Position	\$ 600,417	\$ 566,482	6.0 %
Adjustment and Restatement	5		
Beginning of Year Net Position, adjusted or restated	600,422		
End of Year Net Position	\$ 643,504	\$ 600,417	7.2 %

- Contributions increased \$3.6 million from the prior fiscal year, a result of an increase in the dollar amounts of members deferrals.
- The increase of \$23 million in distributions is a result of larger amounts being distributed.
- The costs of administering the plan decreased by \$100 thousand from the prior year, a result of decreased membership.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PERB's financial reporting which is comprised of the following components:

- (1) Basic Financial Statements,
- (2) Notes to the Basic Financial Statements,
- (3) Required Supplementary Information, and
- (4) Other Supplementary Information.

Collectively, this information presents the combined net position restricted for pension and other employee benefits for each of the plans administered by the PERB as of June 30, 2024. This financial information also summarizes the combined changes in net position restricted for pension and other employee benefits for the year then ended. The information in each of these components is briefly summarized as follows:

(1) Basic Financial Statements

For the fiscal year ended June 30, 2024, basic financial statements are presented for the fiduciary funds administered by Montana Public Employee Retirement Administration, staff of the PERB. Fiduciary funds are used to pay for pension and other employee benefits and expenses. The fiduciary funds are comprised of eleven trust funds that consist of nine pension, one other post-employment benefit (OPEB), and one other employee benefit (457(b)).

- The Statement of Fiduciary Net Position is a point-in-time snapshot of the assets, liabilities, deferred outflows/inflows of resources, and the resulting restricted fiduciary net position. This financial statement reflects the resources available to pay benefits to retirees and beneficiaries at the end of the reported fiscal year.
- The Statement of Changes in Fiduciary Net Position presents the changes in the restricted fiduciary net position during the fiscal year. Additions are mainly contributions from employers, members, and a non-employer contributing entity, including state appropriations and net investment earnings. Deductions include pension, disability, survivor and death benefit disbursements, distributions of contributions and interest, and administrative expenses.

(2) Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of the financial statements and provide additional information that is essential for a comprehensive understanding of the data provided in the financial statements.

(3) Required Supplementary Information

The required supplementary information (RSI) consists of schedules intended to show information for the most recent ten years.

The RSI also contains related notes concerning actuarial information of the defined benefit pension plans; Other Post-Employment Benefits (OPEB) for the state healthcare benefits and related notes to the OPEB plan, which is administered by the State of Montana and where PERB is an employer. Finally, this discussion and analysis is also RSI in accordance with Governmental Accounting Standards Board (GASB) standards.

(4) Other Supplementary Information

The supplementary information (SI) consists of schedules including more detailed presentations of information included in the basic financial statements. These consist of the schedules of the Administrative Expenses and the Investment Expenses.

Actuarial Valuations and Funding Progress

The PERB's consulting actuary conducts two actuarial valuations on an annual basis for each of the PERB defined benefit retirement plans and the DC Disability OPEB plan: one for GASB-compliant "financial reporting" purposes, and the other for "management" purposes. Results of each are highlighted in the following paragraphs.

GASB Statements No. 67 and No. 68 Actuarial Valuations

To comply with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pensions, an amendment of GASB Statement No. 25*, as amended (GASB-67), the PERB relied upon its consulting actuary to compute the total pension liability, net pension liability, pension income or expense, and deferred outflows and deferred inflows of resources for each of its defined benefit retirement funds as of June 30, 2024. The PERB's participating governmental employers are required to report their respective shares of these amounts in their financial statements in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, as amended (GASB-68).

For PERB's largest cost-sharing, multiple-employer defined benefit plan, the Public Employees Retirement System (PERS), the June 30, 2024 actuarial valuation report in accordance with GASB-67 revealed a net pension liability of \$2.45 billion. This is an increase of \$5.4 million from the fiscal year 2023 net pension liability of \$2.44 billion. As a result of this June 30, 2024 actuarial valuation, the plan's fiduciary net position as a percentage of the total pension liability was 74.77%, increasing 0.84% from the ratio of 73.93% reported as of June 30, 2023.

Additional information on the actuarial valuation results for PERB's defined benefit retirement plans may be found in: *Note A3. Net Pension Liability of Employers* and in the *Required Supplementary Information (RSI)*.

Funding Actuarial Valuations

An actuarial valuation for management purposes of each of the defined benefit plans and the DCRP Disability OPEB plan is performed annually. The purpose of this particular actuarial valuation is to measure funding progress, and to ascertain the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for the fiscal year ending June 30, 2024.

The experience study performed during fiscal year 2022 for the five-year period of July 1, 2016 to June 30, 2021, resulted in changes to the demographic and economic actuarial assumptions and implementation of new actuarial factors. These were used in the June 30, 2024 actuarial valuation.

The PERB's funding objective is to meet long-term benefit obligations through investment income and contributions. Employer and member contributions and other contributions for some systems, and the income from investments provide the cash flow needed to finance future retirement benefits. The Actuarial Determined Contribution (ADC) is a critical component of funding for defined benefit plans. The ADC, as defined by GASB, is a target or recommended contribution to a defined benefit pension plan for the reporting period.

Investment earnings are also critical to the defined benefit plans' funding; investment losses deteriorate the plans' funding. The asset smoothing methods utilized by the plans limits the impacts to four years. The funding status in the latest valuation, increased for all plans.

As required by Article VIII, section 15, of the Montana Constitution and section 19-2-409, MCA, the public retirement plans are to be funded on an actuarially sound basis. Public pension plans are considered actuarially sound if the unfunded actuarial accrued liability amortization period is 30 years or less. According to the PERB's June 30, 2024 actuarial valuations, the unfunded liability of all plans amortize within the 30 years, with JRS and VFCA being fully funded.

Additional information about the funding actuarial valuation results for each defined benefit fund may be found in the *Actuarial Section* of this report.

Currently Known Facts, Conditions, or Decisions

The following are currently know facts, conditions, or decisions that are expected to have a significant effect on the System's financial position or results of operations.

During the 2023 Legislative Session, House Bill 569 was passed creating a layered amortization policy using closed amortization periods for legacy and contemporary unfunded liabilities in statute for the HPORS, SRS, and GWPORS systems beginning July 1, 2024. The JRS layered amortization policy was effective July 1, 2023.

Subsequent Events

MPERA has performed an evaluation of subsequent events and there are no material events identified.

Request for Information

This financial report is intended to provide a general overview of the PERB's financial position as of June 30, 2024, and the results of the financial activities for fiscal year 2024. If you have any questions or comments concerning the contents of this report, please contact Montana Public Employee Retirement Administration:

- By mail at 100 N. Park, Suite 200, PO Box 200131, Helena, Montana 59620-0131,
- By telephone 1-406-444-3154 or toll-free 1-877-275-7372, or
- Via e-mail at mpera@mt.gov

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds as of June 30, 2024

	PERS-DBRP		PERS-DCRP DISABILITY OPEB		JRS		HPORS		SRS		GWPORS	
Assets												
Cash and Short-term Investments	\$	82,256,279	\$	980,868	\$	1,408,520	\$	2,627,454	\$	6,441,283	\$	4,079,731
Securities Lending Collateral (Note A5)		254,939,113		32,943		4,848,356		7,894,065		19,545,524		12,131,924
Receivables												
Interest		368,156		4,151		6,146		10,906		29,778		17,574
Accounts Receivable		3,490,644		5,772		1,069		7,237		465,470		45,036
Receivable from Other Systems (Note A1)		994,753										
Due from Primary Government												
Notes Receivable		2,106										
Total Receivables		4,855,659		9,923		7,215		18,143		495,248		62,610
Investments (Note A5)												
Commingled Equity Securities				9,452,451								
CAPP Investment Pool		7,164,659,011				137,034,944		222,567,905		556,706,817		347,373,714
Defined Contributions Fixed Investments												
Defined Contributions Variable Investments												
Deferred Compensation Life Insurance												
Total Investments		7,164,659,011		9,452,451		137,034,944		222,567,905		556,706,817		347,373,714
Capital Assets - Net of Accumulated Depreciation and Amortization												
Property and Equipment		37,700				366		311		366		366
Intangible Assets		381,152				111,874		94,963		111,874		111,874
Intangible Right-to-use Assets		2,898,003				3,681		18,144		93,351		59,166
Total Capital Assets		3,316,855				115,921		113,418		205,591		171,406
Total Assets		7,510,026,917		10,476,185		143,414,956		233,220,985		583,394,463		363,819,385
Deferred Outflow of Resources - OPEB		233,653				318		1,588		8,512		5,367
Liabilities												
Securities Lending Liability		254,939,113		32,943		4,848,356		7,894,065		19,545,524		12,131,924
Accounts Payable		889,806						385,553		2,594		29,572
Payable to Other Systems (Note A1)						8,764		41,944		231,003		147,742
Contributions Received in Advance		44,326		3								
Compensated Absences		405,392				551		2,755		14,768		9,312
Lease Liability		3,099,298				3,937		19,405		99,835		63,276
OPEB Liability		95,506				130		649		3,479		2,194
Total Liabilities		259,473,441		32,946		4,861,738		8,344,371		19,897,203		12,384,020
Deferred Inflow of Resources - OPEB		319,870				435		2,174		11,652		7,348
Net Position - Restricted for Pensions	\$	7,250,467,259	\$	10,443,239	\$	138,553,101	\$	224,876,028	\$	563,494,120	\$	351,433,384
Net Position - Restricted for Benefits												
Total Fiduciary Net Position	\$	7,250,467,259	\$	10,443,239	\$	138,553,101	\$	224,876,028	\$	563,494,120	\$	351,433,384

The notes to the financial statements are an integral part of this statement.

Defined Benefit and Disability OPEB Pension Plans				Defined Contribution Plan	Other Employee Benefit	
MPORS	FURS	VFCA	Total Defined Benefit and Disability OPEB Pension Plans	PERS-DCRP	Deferred Compensation (457(b)) Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ 6,533,970	\$ 7,312,258	\$ 591,101	\$ 112,231,464	\$ 5,916,830	\$ 1,696,639	\$ 119,844,933
21,444,498	23,747,170	1,849,390	346,432,983	144,785	24,861	346,602,629
30,128	33,784	4,516	505,139	18,641	3,510	527,290
379,895	368,796	175	4,764,094	344,944	209,739	5,318,777
			994,753			994,753
20,489,448	23,576,364		44,065,812			44,065,812
			2,106			2,106
20,899,471	23,978,944	4,691	50,331,904	363,585	213,249	50,908,738
			9,452,451			9,452,451
607,888,566	678,117,788	54,653,102	9,769,001,847			9,769,001,847
				24,998,513	177,272,020	202,270,533
				474,336,076	464,477,317	938,813,393
					3,617	3,617
607,888,566	678,117,788	54,653,102	9,778,454,298	499,334,589	641,752,954	10,919,541,841
328	324	298	40,059	4,132	2,231	46,422
100,166	98,866	91,060	1,101,829	91,060	107,971	1,300,860
57,325	43,388	142,524	3,315,582	342,991	152,441	3,811,014
157,819	142,578	233,882	4,457,470	438,183	262,643	5,158,296
656,924,324	733,298,738	57,332,166	10,291,908,119	506,197,972	643,950,346	11,442,056,437
5,113	3,970	11,433	269,954	38,111	9,528	317,593
21,444,498	23,747,170	1,849,390	346,432,983	144,785	24,861	346,602,629
164,480	5,342		1,477,347	193,024	234,863	1,905,234
140,230	107,676	317,394	994,753			994,753
			44,329	148		44,477
8,872	6,888	19,837	468,375	66,123	16,531	551,029
61,307	46,402	152,424	3,545,884	366,815	163,029	4,075,728
2,090	1,623	4,673	110,344	15,578	3,895	129,817
21,821,477	23,915,101	2,343,718	353,074,015	786,473	443,179	354,303,667
7,000	5,435	15,652	369,566	52,174	13,043	434,783
\$ 635,100,960	\$ 709,382,172	\$ 54,984,229	\$ 9,938,734,492	\$ 505,397,436		\$ 10,444,131,928
					\$ 643,503,652	643,503,652
\$ 635,100,960	\$ 709,382,172	\$ 54,984,229	\$ 9,938,734,492	\$ 505,397,436	\$ 643,503,652	\$ 11,087,635,580

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Changes in Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds

for the year ended June 30, 2024

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Additions						
Contributions (Note C)						
Employer	\$ 142,455,282	\$ 709,634		\$ 6,789,757	\$ 14,740,008	\$ 7,052,817
Plan Member	125,582,941		630,095	2,405,168	12,281,397	7,247,285
Interest Reserve Buyback	140,396			3,262	7,175	3,071
Retirement Incentive Program	315					
Miscellaneous Revenue	109,551		17	1,014	3,475	494
State Contributions	1,246,463			213,490		
State Appropriations	35,329,705			28,100,000	26,800,000	41,200,000
Nonvested Member Forfeitures						
Total Contributions	304,864,653	709,634	630,112	37,512,691	53,832,055	55,503,667
Investments (Note A5)						
Net Appreciation (Depreciation)						
in Fair Value of Investments	649,356,102	1,192,429	12,364,871	20,232,604	50,016,937	31,229,768
Interest, Dividends and Other	4,623,591	41,180	75,195	150,117	379,371	239,644
Investment Expenses	(43,712,642)	(5,299)	(831,432)	(1,354,137)	(3,349,850)	(2,081,252)
Net Investment Earnings	610,267,051	1,228,310	11,608,634	19,028,584	47,046,458	29,388,160
Securities Lending Income						
Securities Lending Income	9,031,486		171,694	276,547	687,161	423,847
Securities Lending Rebate and Fees	(7,252,580)		(137,876)	(222,076)	(551,813)	(340,363)
Net Securities Lending Income	1,778,906		33,818	54,471	135,348	83,484
Total Net Investment Earnings	612,045,957	1,228,310	11,642,452	19,083,055	47,181,806	29,471,644
Total Additions	916,910,610	1,937,944	12,272,564	56,595,746	101,013,861	84,975,311
Deductions (Note C)						
Benefits	562,569,641	98,802	4,521,948	15,437,926	29,636,945	13,149,708
Refunds/Distributions	15,223,858			2,784,877	2,158,345	1,251,532
Transfers to Other Systems	664,542			281	88,998	10,464
Transfers to Montana University System Retirement Plan (MUS-RP)	524,714					
Transfers to Defined Contribution Retirement Plan (DCRP)	2,741,916					
Supplemental Insurance Payments						
Administrative Expenses	6,124,532		54,604	85,372	304,488	210,645
Miscellaneous Expenses						
Total Deductions	587,849,203	98,802	4,576,552	18,308,456	32,188,776	14,622,349
Net Increase (Decrease)	329,061,407	1,839,142	7,696,012	38,287,290	68,825,085	70,352,962
Beginning of Year Net Position	6,921,501,810	8,604,097	130,857,089	186,588,738	494,669,262	281,080,955
Adjustments and Restatements (Note A1)	(95,958)				(227)	(533)
Beginning of Year Net Position, adjusted or restated	6,921,405,852	8,604,097	130,857,089	186,588,738	494,669,035	281,080,422
End of Year Net Position	\$ 7,250,467,259	\$ 10,443,239	\$ 138,553,101	\$ 224,876,028	\$ 563,494,120	\$ 351,433,384

The notes to the financial statements are an integral part of this statement.

Defined Benefit and Disability OPEB Pension Plans				Defined Contribution Plan	Other Employee Benefit	
MPORS	FURS	VFCA	Total Defined Benefit and Disability OPEB Pension Plans	PERS-DCRP	Deferred Compensation 457(b) Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ 10,074,494	\$ 10,391,857		\$ 192,213,849	\$ 20,972,661	\$ 227,095	\$ 213,413,605
6,305,727	7,744,225		162,196,838	20,095,877	29,401,771	211,694,486
149	1,744		155,797			155,797
			315			315
489	90		115,130	1,071	282,384	398,585
			1,459,953	129,810		1,589,763
20,489,447	23,576,364	3,519,342	179,014,858			179,014,858
				1,345,278		1,345,278
36,870,306	41,714,280	3,519,342	535,156,740	42,544,697	29,911,250	607,612,687
55,655,167	61,673,862	4,695,642	886,417,382	59,251,031	67,067,331	1,012,735,744
364,243	416,718	34,506	6,324,565	10,239,834	15,749,174	32,313,573
(3,675,235)	(4,070,432)	(317,169)	(59,397,448)	(94,996)	(701,459)	(60,193,903)
52,344,175	58,020,148	4,412,979	833,344,499	69,395,869	82,115,046	984,855,414
757,202	837,489	64,975	12,250,401			12,250,401
(608,058)	(672,531)	(52,177)	(9,837,474)			(9,837,474)
149,144	164,958	12,798	2,412,927			2,412,927
52,493,319	58,185,106	4,425,777	835,757,426	69,395,869	82,115,046	987,268,341
89,363,625	99,899,386	7,945,119	1,370,914,166	111,940,566	112,026,296	1,594,881,028
35,639,405	33,847,123	3,156,902	698,058,400			698,058,400
4,264,319	211,755		25,894,686	31,578,320	67,708,420	125,181,426
18,945			783,230			783,230
			524,714			524,714
			2,741,916			2,741,916
		13,725	13,725			13,725
197,688	160,607	394,255	7,532,191	1,293,281	702,433	9,527,905
				(7,544)	533,667	526,123
40,120,357	34,219,485	3,564,882	735,548,862	32,864,057	68,944,520	837,357,439
49,243,268	65,679,901	4,380,237	635,365,304	79,076,509	43,081,776	757,523,589
585,859,582	643,702,271	50,607,511	9,303,471,315	426,320,927	600,417,038	10,330,209,280
(1,890)		(3,519)	(102,127)		4,838	(97,289)
585,857,692	643,702,271	50,603,992	9,303,369,188	426,320,927	600,421,876	10,330,111,991
\$ 635,100,960	\$ 709,382,172	\$ 54,984,229	\$ 9,938,734,492	\$ 505,397,436	\$ 643,503,652	\$ 11,087,635,580

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Basic Financial Statements

for the Fiscal Year Ended June 30, 2024

The Public Employees' Retirement Board (PERB) is an independent, seven-member board, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB consists of:

- two members at large,
- two active defined benefit public employees,
- one active defined contribution public employee,
- one member experienced in investments, and
- one retired public employee.

The PERB approves the annual operating budget, developed by the Montana Public Employee Retirement Administration (MPERA) management, before the beginning of the fiscal year. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of total defined benefit plan retirement benefits paid. In addition, the PERB decides its legislative priorities, hires the executive director, establishes the policies and procedures that govern operations at MPERA, and hears and rules on appeal matters of disabilities, retirees, and members. Board members that are not compensated by their employers for their time served, receive a stipend amount from MPERA. Board members are also reimbursed for necessary expenses incurred while serving.

The PERB oversees nine retirement plans, an OPEB, the related member education funds, and an other employee benefit plan. The Public Employees' Retirement System Defined Contribution Disability Other Post-Employment Benefit (PERS-DCRP Disability OPEB) is a trust fund providing a defined benefit for disabled members of the PERS-DCRP. The retirement plans are eight defined benefit plans and a defined contribution plan. The defined benefit retirement plans are:

- Public Employees' Retirement System (PERS-DBRP),
- Judges' Retirement System (JRS),
- Highway Patrol Officers' Retirement System (HPORS),
- Sheriffs' Retirement System (SRS),
- Game Wardens' and Peace Officers' Retirement System (GWPORS),
- Municipal Police Officers' Retirement System (MPORS),
- Firefighters' Unified Retirement System (FURS), and
- Volunteer Firefighters' Compensation Act (VFCA).

The defined contribution retirement plan is:

- Public Employees' Retirement System (PERS- DCRP).

The other employee benefit plan is:

- Deferred Compensation (457(b)) Plan

The PERS-DCRP was implemented July 1, 2002. All new PERS members have a 12-month window to file an irrevocable plan choice election. PERS members are provided education regarding their decision to participate in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Montana University System Retirement Program (MUS-RP). Further education is provided for the members who choose the PERS-DCRP, including information on investment choices.

The PERB began oversight of the Deferred Compensation (457(b)) Plan on July 1, 1999. The Deferred Compensation Plan is available to all employees of the State of Montana, the Montana University System and contracting political subdivisions. This is an other employee benefit plan.

The MPERA, as a state agency, participates as an employer in the PERS-DBRP, PERS-DCRP and the Deferred Compensation Plan.

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP and the DCRP Education Fund. A presentation of the individual funds is shown following the RSI and Supplementary Information (SI).

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A1. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Basis of Presentation

The PERB is a fiduciary component unit Pension and Other Employee Benefit Trust Fund of the State of Montana. The accompanying financial statements were prepared by MPERA, staff of the PERB, in accordance with generally accepted accounting principles (GAAP). In doing so, MPERA adheres to accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB). GASB is the independent, not-for-profit, standards-setting organization and the official source of GAAP for state and local governmental entities in the United States of America.

PERB's accounts are organized and presented as separate fiduciary funds. These funds are classified as pension and other employee benefit trust funds and are maintained for the exclusive benefit of the members and their beneficiaries.

Basis of Accounting

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The PERB's financial statements are reported using fund accounting principles and the accrual basis of accounting. Plan member contributions, employer contributions, and related receivables are recognized as revenues in the accounting period in which they are earned and become measurable, pursuant to formal commitments and statutory requirements. Benefit payments and refunds/distributions are recognized in the accounting period in which they are due and payable in accordance with the terms of each plan. Administrative and other expenses, and the associated liabilities, are recognized in the period the liability is incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit funds at year-end.

Compensated Absences

The compensated absences liability for MPERA's employees as of June 30, 2024, amounted to \$551,029, a net decrease of \$53,809 from the June 30, 2023, amount of \$604,838. This represents unused leave expected to be paid to employees. The amount estimated to be due within one year is \$317,312.

Error Corrections (Adjustments)

Error corrections (adjustments), formerly referred to as prior period adjustments, relate to corrections of errors in reporting from prior periods. During fiscal year 2024, an error correction resulted in adjustments to and restatements of the beginning net pension and fund net position as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	PERS-DBRP	SRS	GWPORS	MPORS	VFCA
6/30/2024, as previously reported	\$ 6,921,501,810	\$ 494,669,262	\$ 281,080,955	\$ 585,859,582	\$ 50,607,511
Error Correction (Adjustment)					
Member Contributions	(7,860)				
Miscellaneous Revenue	(481)				
Benefits	(87,617)	(227)	(533)	(1,890)	(3,519)
6/30/2024, as restated	\$ 6,921,405,852	\$ 494,669,035	\$ 281,080,422	\$ 585,857,692	\$ 50,603,992

During fiscal year 2024, MPERA corrected errors in the following revenue and expense accounts and fiscal years resulting in a restatement of the beginning fund balance:

- The \$7,860 adjustment in member contributions for PERS-DBRP consisted of a service purchase that was created in error in fiscal year 2022.
- The PERS-DBRP miscellaneous revenue adjustments of \$481 were for Trust Fund Service Fees created in error in fiscal year 2022.
- The PERS-DBRP benefit adjustments of \$87,617 total, were \$86,573 for uncollected benefit recoveries and insurance recoveries in the amount of \$1,043 that were created in error: FY2022 \$6,752; FY2021 \$33,676; FY2020 \$1,350; FY2019 \$24,620; FY2018 \$8,617; and FY2017 \$12,602.

- The SRS and MPORS benefit adjustments of \$227 and \$1,890, respectively, were for uncollected benefit recoveries recorded in FY2022 for both Plans.
- The GWPORS benefit adjustment of \$533 was for insurance recoveries created in error in FY2019.
- The VFCA benefit adjustment of \$3,519 consists of \$149 uncollected benefit recoveries recorded in FY2022 and \$3,370 in FY2021.

Significant Accounting Changes

Significant accounting policies are specific accounting principles and methods used and considered to be the most appropriate to use in current circumstances to fairly present the financial statements.

During fiscal year 2024, MPERA implemented an accounting change, consolidating the Other Post-Employment Benefits (OPEB for Healthcare) expenses with the administrative expenses. This streamlined approach to presentation may be found on the basic *Statement of Changes in Fiduciary Net Position*. The aggregated amount of the OPEB expense as of June 30, 2024 was \$2,376 and is presented in the table below for all systems.

Accounting Change										
	PERS- DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA	PERS- DCRP	457(b)
Administrative Expenses, before change	\$6,164,304	\$54,355	\$ 84,128	\$297,822	\$ 206,442	\$193,683	\$157,498	\$385,301	\$1,280,898	\$ 701,098
OPEB Expenses	(39,772)	249	1,244	6,666	4,203	4,005	3,109	8,954	12,383	1,335
Administrative Expenses	\$6,124,532	\$54,604	\$ 85,372	\$304,488	\$ 210,645	\$197,688	\$160,607	\$394,255	\$1,293,281	\$ 702,433

MPERA reviews the requirements of all new Governmental Accounting Standards Board (GASB) pronouncements and their impact on the financial statements. For the fiscal year ending June 30, 2024, there was no material impact to the financial statements resulting from the implementation of new accounting standards below.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. MPERA has implemented this new requirement in the current annual report.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to align the recognition and measurement guidance for compensated absences under a unified model and amend required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. MPERA has implemented this new requirement in the current annual report, but not individually. A note disclosure for compensated absences is required for MPERA. However, the calculation portion of the absences is completed by the Montana State Accounting Bureau.

A2. CAPITAL ASSETS

- **Tangible Capital Assets**—MPERA has adopted a capitalization threshold used to identify whether assets purchased by MPERA are classified as capital assets or operating expenses that are expensed in the year purchased. Furniture and equipment with a cost equal to or greater than \$5,000, \$25,000 for building improvements, are recorded as tangible capital assets and depreciated based on the useful life of the asset. Equipment consists of a keyless door entry system. Building improvements consists of a remodel of the front office area.

Depreciation for tangible capital assets is computed using the straight-line method over the estimated useful life of the related assets according to the following schedule:

Useful Lives of Tangible Capital Assets	
	<u>Years</u>
Building Improvements	7-20
Furniture and Equipment	3-10

Assets (other intangibles) valued at \$100,000 or more are recorded at cost less straight-line amortization over the estimated useful life of five to ten years. The \$1,300,860 *Intangible Assets* in the *Total Pension (and Other Employee Benefit) Trust Funds* column on the *Statement of Fiduciary Net Position*, consists of the PERIS computer system. This intangible asset is amortized over 10 years.

- **Intangible Right-to-use Lease Assets**—Lease liabilities represent MPERA's obligation to make lease payments arising from the contractual relationship. Lease liabilities are recognized at the lease commencement date based on the present value of the lease payments expected to be made during the lease term. The present value of the lease payments are discounted based on a borrowing rate determined by Montana Board of Investments.

MPERA has a right-to-use asset representing the building lease for MPERA's offices at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly and includes inflationary adjustments over the period of the lease. MPERA is required to make principal and interest payments through June 30, 2030. The agreement has a discount rate of 1.65%. The right-to-use asset and related accumulated amortization for the building contract are \$3,811,014 and \$692,612, respectively as of June 30, 2024. The building lease allows for a renewal option of one to five years, that MPERA is reasonably certain to exercise. MPERA has recognized the additional five years in the measurement of the lease liability. The lease provides for increases in future minimum annual rental payments based on an escalation scale of 3% per year.

Remaining principal and interest payments on the lease agreement are as follows, assuming exercising of the extension:

Fiscal Year	Principal	Interest	Total Amount
July 1, 2024 - June 30, 2025	\$284,794	\$65,583	\$350,377
July 1, 2025 - June 30, 2026	\$300,105	\$60,783	\$360,888
July 1, 2026 - June 30, 2027	\$315,989	\$55,726	\$371,715
July 1, 2027 - June 30, 2028	\$332,463	\$50,403	\$382,866
July 1, 2028 - June 30, 2029	\$349,547	\$44,805	\$394,352
July 1, 2029 - June 30, 2034	\$2,026,829	\$129,649	\$2,156,478
July 1, 2034 - June 30, 2035	\$466,056	\$4,821	\$470,877

A3. NET PENSION LIABILITY OF EMPLOYERS

The net pension liability (the retirement systems' total pension liability determined in accordance with GASB Statement No. 67 less the fiduciary net position at fair value) as of June 30, 2024, is shown below in the *Schedule of Employers' Net Pension Liability (NPL)*.

Employers' Net Pension Liability / (Asset) as of June 30, 2024 (dollar amounts are in thousands)						
System	Total Pension Liability (a)	Plan Fiduciary Net Position ¹ (b)	Employers' Net Pension Liability / (Asset) (a-b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (b/a)	Covered Payroll (c)	Net Pension Liability / (Asset) as a % of Covered Payroll ((a-b)/c)
PERS-DBRP	\$ 9,695,548	\$ 7,249,786	\$ 2,445,762	74.77 %	\$ 1,552,624	157.52 %
JRS	76,237	138,553	(62,316)	181.74 %	9,001	(692.29)%
HPORS	292,082	224,876	67,206	76.99 %	17,529	383.39 %
SRS	686,146	563,494	122,652	82.12 %	110,950	110.55 %
GWPORS	377,092	351,433	25,659	93.20 %	66,456	38.61 %
MPORS	858,691	635,101	223,590	73.96 %	69,714	320.72 %
FURS	844,848	709,382	135,466	83.97 %	71,768	188.76 %
VFCA	52,074	54,984	(2,910)	105.59 %	N/A ²	N/A ²
¹ The PERS-DB Education Fund balance is not included in the GASB 67 reporting, this is a not a pension fund.						
² Covered payroll is not applicable to VFCA because members are unpaid volunteers.						

Actuarial valuations of the ongoing systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. The information used includes, but is not limited to, the plan provisions, employee data, and financial information provided by the PERB. Amounts determined regarding the NPL are subject to revision with each valuation as actual results are compared with past expectations and new estimates are made about

the future. The most recent experience study was performed in 2022 using June 30, 2021 valuation data.

The reporting date for the retirement systems is June 30, 2024. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2024 and the Total Pension Liability (TPL) is based on the results of an actuarial valuation date of June 30, 2024. No roll forward procedures were used.

The *Schedule of Employers' Net Pension Liability*, presented as Required Supplementary Information (RSI) following the Notes to the basic financial statements, displays multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the TPL.

Following are the changes to the benefit terms used in the measurement of the TPL for June 30, 2024 as a result of House Bill 569 during the 2023 Legislative Session.

1. Beginning July 1, 2023 and after, employer contribution rates for JRS are actuarially determined based on the funding valuation one year prior.
2. Beginning July 1, 2024 and after, employer contribution rates are actuarially determined based on the funding valuation one year prior for HPORS, SRS, and GWPORS.

There are no changes to the actuarial assumptions used in the measurement of the TPL for June 30, 2024.

A summary of the actuarial assumptions for the retirement plan's GASB No. 67 reporting as of the latest actuarial valuation on June 30, 2024 is shown in the *Notes to the RSI*. The assumptions and methods used in the latest actuarial valuation are based on the most recent actuarial experience study for the five-year period July 1, 2016 to June 30, 2021.

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plans about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 2, 2022, without consideration of the administrative expenses analysis shown in the experience study. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of June 30, 2024, are summarized in the following Target Allocations table. While not relied on to develop the long-term expected rate of

return, the actuary believes that if more recent arithmetic real rates of return were used, the current long-term expected rate of return would still be reasonable.

Target Allocations as of June 30, 2024		
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0 %	(0.33)%
Domestic equities	30.0 %	5.90 %
International equities	17.0 %	7.14 %
Private investments	15.0 %	9.13 %
Real assets	5.0 %	4.03 %
Core fixed income	15.0 %	1.14 %
Non-core fixed income	6.0 %	3.02 %
Real estate	9.0 %	5.41 %
Totals	100.0 %	

Single Discount Rate

The discount rate used to measure the TPL for all Plans was 7.30%, which is the assumed long-term expected rate of return on investments. To determine the discount rate, the fiduciary net pension must be projected into the future for as long as there are anticipated benefits payable under the plan's provisions applicable to the members and beneficiaries of the Plans on the measurement date. If the fiduciary net position is projected to not be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the discount rate. Based on the assumptions, the fiduciary net position of all the Plans, was projected to be available to make all the projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

If, however, the fiduciary net position is projected to be depleted, the discount rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System). The Municipal Bond Index Rate as of the measurement date is 3.94%. The discount rate determined does not use the municipal bond rate for any of the Plans.

Sensitivity Analysis

In accordance with GASB No. 67 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the NPL of the participating employers is presented as using the discount rate of 7.30%, as well as what the employers' NPL would be if it were calculated using a discount rate

that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate. The table that follows presents the sensitivity disclosures for each plan.

Sensitivity of NPL / (Asset) based on Changes in Discount Rate as of June 30, 2024 (dollar amounts are in thousands)			
System	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
PERS-DBRP	\$ 3,565,391	\$ 2,445,762	\$ 1,506,899
JRS	(55,105)	(62,316)	(68,546)
HPORS	107,854	67,206	34,525
SRS	220,379	122,652	43,115
GWPORS	82,114	25,659	(20,353)
MPORS	356,039	223,590	118,388
FURS	267,671	135,466	29,931
VFCA	2,646	(2,910)	(7,587)

The NPL is determined by subtracting the Fiduciary Net Position (FNP) from the TPL. As can be seen from the table, changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on plan investments shows investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of the annual money-weighted rate of return for all Plans is presented below and in the RSI.

Annual Money-Weighted Rate of Return as of June 30, 2024			
PERS-DBRP	8.98 %	GWPORS	9.15 %
JRS	9.00 %	MPORS	9.18 %
HPORS	9.08 %	FURS	9.20 %
SRS	9.07 %	VFCA	8.99 %

A4. OTHER POST-EMPLOYMENT BENEFITS (OPEB FOR HEALTHCARE)

General Information Non-Trust Plan

The State of Montana provides optional post-employment health care benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Medical, dental, and vision benefits are available through this plan. The State of Montana offers an

OPEB plan that is not administered through a trust; as such, there are no plan assets accumulated to offset the total OPEB liability.

The State of Montana pays for post-employment healthcare benefits on a pay-as-you-go basis. Section 2-18-812, MCA gives the Department of Administration authority to establish and amend the funding policy for the State group health insurance plan.

Plan Description

The State of Montana Employee Group Benefits Plan, administered by the Montana Department of Administration, is considered a single-employer plan and MPERA is considered to be a participating employer in the plan. In accordance with GASB Statement No. 75, MPERA is required to recognize and report certain amounts associated with their employees and dependents that are eligible to receive health care through the State of Montana Employee Group Benefits Plan. This includes requirements to record and report each employers' proportionate share of the collective Total OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources associated to OPEB.

In addition to the employee benefits, the following post-employment benefits are provided. The Montana Department of Administration established retiree medical premiums varying between \$504 and \$2,456 per month for calendar year 2024, depending on the medical plan selected, family coverage, and Medicare eligibility. Retirees pay 100% of the premiums for medical, dental, and vision. Depending on the coverage selected, administratively-established dental premiums vary between \$42.37 and \$71.27 per month and vision hardware premiums vary between \$7.64 and \$22.26. The plan provides different coinsurance amounts and deductibles depending on whether members use participating or non-participating providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the member is not enrolled in Medicare. A basic life insurance plan on the life of the retiree is also included with a retiree's core benefits until the retiree reaches age 65 or is eligible for Medicare.

Employees covered by benefit terms

At December 31, 2022, MPERA had 47 active employees and one retired employee/spouse/surviving spouse covered by the benefit terms for a total of 48 covered employees.

The estimates were prepared based on an actuarial valuation as of the year ending December 31, 2022, rolled forward to the measurement date of March 31, 2024, for the Department of Administration. The resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits (OPEB) contains the MPERA data and is available through the following address: Montana Department of Administration, State Accounting Division, Room 255, Mitchell Bldg, 125 N Roberts Street, PO Box 200102, Helena, MT 59620-0102.

Schedule of Changes in Total OPEB Liability

At June 30, 2024, MPERA reported a liability of \$129,817 for its 0.4104539% proportionate share of the total OPEB Liability. At June 30, 2023, MPERA reported a liability of \$127,229, for its 0.4104537% proportionate share of the total OPEB Liability. MPERA's proportion of the total OPEB liability measurement is based upon MPERA's actuarially determined OPEB liability in

comparison to the collective OPEB liability for the State's healthcare plan. MPERA's change in proportion is 0.0000001%.

The following table presents the Other Items Related to and Changes in the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability	
Balances at 6/30/2023	\$ 127,229
Changes for the year:	
Service Cost	4,201
Interest	5,267
Differences in experience	
Changes of assumptions or other inputs	(8,702)
Benefit Payments (Contributions)	1,822
Net Changes	2,588
Balances as of 6/30/2024	\$ 129,817

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2022 actuarial valuation, rolled forward to March 31, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Contributions:	\$1,822
Actuarial valuation date	December 31, 2022
Actuarial measurement date ⁽¹⁾	March 31, 2024
Experience study period	January 1, 2022 through December 31, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75
Actuarial Assumptions:	
Discount rate	4.12%
Healthcare cost trend rate	6.1% / 7.7%
Projected payroll increases	3.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

⁽¹⁾ Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Healthy: For general members, healthy mortality follows the PUB-2010 General Employee table, projected generationally using MP-2021. For Safety members, healthy mortality follows the PUB-2010 Safety table, projected generationally using MP-2021.

Mortality - Disabled: For general retirees, disabled mortality follows the PUB-2010 General Disabled table set forward one year for males and females, projected generationally using MP-2021. For Safety retirees, disabled mortality follows the PUB-2010 Safety Disabled table set forward one year for males, projected generationally using MP-2021.

Changes in actuarial assumptions and methods since last measurement date

- The discount rate increased from 3.98% to 4.12%.

Changes in benefit terms since last measurement date

- There were no changes in benefit terms since the last measurement date.

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of MPERA, as well as MPERA's total OPEB liability calculated using a discount rate that is 1.00% lower (3.12%) or 1.00% higher (5.12%) than the current discount rate:

Discount Rate 3/31/2024	1% Decrease (3.12%)	Discount Rate (4.12%)	1% Increase (5.12%)
Total OPEB Liability	\$ 175,970	\$ 129,817	\$ 95,839

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of MPERA, as well as MPERA's total OPEB liability calculated using healthcare cost trend rates that are 1.00% lower (5.1%) or 1.00% higher (7.1%) than the current healthcare cost trend rates:

Healthcare Rate 3/31/2024	Decrease (5.1% / 6.7%)	Current Rate (6.1% / 7.7%)	Increase (7.1% / 8.7%)
Total OPEB Liability	\$ 95,960	\$ 129,817	\$ 176,934

OPEB Expense

For the year ended June 30, 2024, MPERA recognized OPEB expense of \$2,376. This expense has been consolidated with the administrative expenses on the *Statement of Changes in Fiduciary Net Position*. See Note A1. for the breakdown of the administrative expenses and OPEB expenses.

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, MPERA recorded deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 58,146	\$ 160,823
Changes of assumptions or other inputs	255,899	273,960
*Benefit Payments associated with transactions subsequent to the measurement date of the total OPEB liability	3,548	
Total	\$ 317,593	\$ 434,783
*Amounts reported as deferred outflows of resources related to OPEB resulting from MPERA's benefit payments in FY2024 (April 1, 2024 through June 30, 2024) subsequent to the measurement date.		

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in future years as an increase or (decrease) to OPEB expense as follows:

Year ended June 30, 2024	Amount recognized as an Increase or (Decrease) to OPEB Expense
2025	\$ (7,092)
2026	\$ (7,092)
2027	\$ (7,092)
2028	\$ (7,092)
2029	\$ (7,092)
Thereafter	\$ (85,278)

A5. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, section 13 of the Montana Constitution and section 19-2-504, MCA, the Montana Board of Investments (MBOI) has a fiduciary responsibility for investing the defined benefit plan assets on behalf of the defined benefit plan members. Investments are determined in accordance with the statutorily and constitutionally mandated "prudent expert principle." Pursuant to Article VIII, section 15 of the Montana Constitution and sections 19-2-502 and 19-2-503, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. For the defined benefit pools, the PERB relies on the Investment Policy Statements (IPS) that are drafted and approved by the MBOI. Investments administered by the MBOI for the PERB are subject to MBOI's investment risk policies. The PERB does not have an investment policy of its own to address risks. MBOI's stand-alone financial statements and information on investment policies, investment activity, investment management fees, investment risks, and a listing of specific investments owned by the pooled asset accounts can be obtained from the Montana Board of Investments, 2401 Colonial Drive, 3rd Floor, P.O. Box 200126, Helena, MT 59620-0126 or MBOI's website <http://investmentmt.com>.

Investments are reported on the PERB's financial statements at fair value as of June 30, 2024 using quoted market prices, unless as otherwise indicated in this section.

The PERS-DCRP and Deferred Compensation plan's Montana Fixed Fund is a stable value investment option administered and monitored by the PERB with input from the Employee Investment Advisory Committee and an investment consultant. The PERB has established an investment policy for the Montana Fixed Fund to identify objectives, investment guidelines, and outline the responsibility of the outside vendors; Pacific Investment Management Company, LLC (PIMCO) the stable value manager, State Street Bank and Trust Company (State Street) the custodial bank, and third party synthetic Guaranteed Interest Contract (GIC) providers, Transamerica Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential), and Voya Retirement Insurance and Annuity Company (Voya). All money invested in the Montana Fixed Fund investment option of the PERS-DCRP, and deferred compensation plan money is in a Pooled Trust.

For both the PERS-DCRP and deferred compensation plan, the third party recordkeeper, Empower Retirement™, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies.

In addition to the laws cited previously, the PERS-DCRP investments are also governed by section 19-3-2122, MCA and the deferred compensation plan investments are governed by section 19-50-102, MCA.

The PERB has a separate investment policy statement for the PERS-DCRP and deferred compensation plans. The investment policies are reviewed and revised, if necessary, by the PERB annually. The investment options are reviewed quarterly for compliance with the established investment policy statement. The PERS-DCRP and deferred compensation plan investments are reported at fair value as of June 30, 2024.

BOI Pooled Investments

As of June 30, 2024, MBOI managed two major diversified pools for the investments of the retirement funds, Montana Short-Term Investment Pool (STIP) and Montana Consolidated Asset Pension Pool (CAPP). The MBOI also manages the investments of the PERS-DCRP Disability OPEB trust fund. The PERS-DCRP Disability OPEB has investments in STIP and under the Separately Managed Accounts (SMA) portion of the Unified Investment Program within the MBOI, which consists of a portfolio of commingled funds that are recorded under *Commingled Equity Securities* in the financial statements.

Short-Term Investment Pool (STIP)

The Montana Public Retirement Plans investment in the Short-Term Investment Pool (STIP) will provide the Plans with exposure to Cash related investments. STIP will be managed internally by MBOI utilizing an active investment strategy. STIP invests primarily in short-term, high quality, fixed income securities with a maximum maturity of 397 days or less. Variable securities shall have a maximum maturity of 2 years. STIP shall maintain a dollar-weighted average portfolio maturity of 120 days or less. This Pool is managed to preserve principal while providing 24-hour liquidity for state agency and local government participants.

Consolidated Asset Pension Pool (CAPP) – The Consolidated Asset Pension Pool (CAPP) invests directly in the underlying Pension Asset Classes (PACs) on behalf of the Montana Public Retirement Plans within the MBOI Board-approved asset allocation ranges. Each PAC has an underlying set of MBOI Board-approved investment objectives and investment guidelines. Below is a short description of each PAC within the CAPP. For liquidity purposes, each PAC and external manager has a limited amount of cash/cash equivalents. Except for the Cash PAC, it is invested in the State Street Short-Term Investment Fund (STIF), which invests in high quality short-term securities. For external managers, it is invested per MBOI established guidelines.

CAPP's Underlying Asset Classes

Domestic Equities	Real Estate
International Equities	Core Fixed Income
Private Investments	Non-Core Fixed Income
Real Assets	Cash

Domestic Equities PAC – Invests primarily in U.S. traded equity securities such as common stock. The type of portfolio structures utilized are separately managed accounts, commingled accounts, limited partnerships, or limited liability companies, and exchange traded funds.

International Equities PAC – Invests primarily in international equity securities that trade on foreign exchanges in developed and emerging markets. The type of portfolio structures utilized are separately managed accounts, commingled accounts, limited partnerships, or limited liability companies, and exchange traded funds.

Private Investments PAC – Invests in the entire capital structure of private companies. The type of portfolio structures includes private partnership interests, separate accounts, commingled funds and exchange traded funds. The investments typically have well-defined strategies such as buyout, venture, or distressed debt. Private investments are considered long-term. Exchange traded funds are utilized to minimize the cash position.

Real Assets PAC – Invests in inflation linked bonds, infrastructure, energy, timber, agriculture investments or other commodity related assets. The type of portfolio structure includes private partnership interests, separate accounts, commingled funds and exchange traded funds. Real Assets investments generally require a long-time horizon to realize the value of the asset.

Real Estate PAC – Invests primarily in real estate properties. The type of portfolio structures includes private investment partnership interests, real estate investment trusts (REITs), separate accounts, commingled funds and exchange traded funds. The funds typically have well-defined strategies such as core, value-add, or opportunistic. Real Estate investments generally require long-time horizon to realize the value of the assets. Exchange traded funds are utilized to minimize the cash position.

Core Fixed Income PAC - Invests primarily in marketable, publicly traded, investment grade fixed income securities denominated in U.S. dollars. The type of portfolio structures includes internally

managed portfolios or externally managed separate accounts, commingled funds and limited partnerships.

Non-Core Fixed Income PAC – Invests primarily in marketable, publicly traded, high yield corporate debt, emerging market debt, convertible debt and preferred securities. The type of portfolio structures includes separately managed accounts, commingled accounts, and limited partnerships.

Cash PAC – Invests primarily in highly liquid, money-market type securities. The type of portfolio structures includes the internally managed Short Term Investment Pool (STIP) or cash vehicles managed through MBOI's custodian or other Security Exchange Commission registered U.S. government money market funds.

PERB Cash Equivalent and Investment Portfolio		
June 30, 2024		
<u>Investment Pools</u>	<u>Fair Value</u>	<u>Net Asset Value (NAV)</u>
Short-Term Investment Pool	\$ 102,230,246	\$ 102,230,246
CAPP Investment Pool	9,769,001,847	9,769,001,847
Commingled Equity Securities ¹	9,452,451	
Total	<u>\$ 9,880,684,544</u>	<u>\$ 9,871,232,093</u>
¹ DC Disability OPEB is invested in commingled equity index funds.		

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical method are not classified in the fair value hierarchy. This is the case of the Consolidated Asset Pension Pool (CAPP), the Short-Term Investment Pool (STIP) and SMA investments.

The Consolidated Asset Pension Pool, CAPP, is a commingled internal investment pool managed and administered under the direction of MBOI as statutorily authorized by the Unified Investment Program. Only the retirement systems can participate in CAPP. On a monthly basis, redemptions are processed by MBOI to maintain required asset allocations and to provide liquidity for retirement benefits. The fair values of the investments in this category have been determined using the Net Asset Value (NAV) per share (or its equivalent) of the investment.

STIP is an external investment pool managed and administered under the direction of MBOI as statutorily authorized by the Unified Investment Program. It is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment.

Accounts within *SMA* are invested primarily in investment grade, US dollar denominated fixed income securities and custodial bank interest bearing demand deposit accounts.

As of June 30, 2024, the PERB’s portion of the defined benefit investment pools is presented in the table below:

PERB Portions of MBOI Pools at June 30, 2024		
<u>Investment</u>	<u>Fair Value June 30, 2024</u>	<u>PERB Portion June 30, 2024</u>
STIP	\$ 102,230,246	0.68%
CAPP	\$ 9,769,001,847	65.86%
SMA	\$ 9,452,451	0.51%

Fair Value Measurement

The MBOI categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1: Quoted prices for identical assets or liabilities in active markets that MBOI can access as of June 30.

Level 2: Prices are determined using inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3: Prices determined using unobservable inputs, which generally results in MBOI using the best information available and may include the MBOI’s own data.

MBOI has cash and cash equivalents measured at cost. Other investments are measured at cost or net asset value (NAV) by MBOI.

Within SMA, the *PERS-DCRP Disability OPEB* trust fund invests in commingled equity index funds, recorded under *Commingled Equity Securities* in the financial statements. These SMA investment returns vary depending on the account specific investment allocations and the cash flows in and out of the account during the period.

The **Investment Risks** for the pooled investments and the SMA investments, in which the PERB participates in, are described in the following paragraphs. Investments are administered by MBOI, for the PERB, as part of the State of Montana’s Unified Investment Program. The MBOI Board approves all Investment Policy Statements (IPS) and is responsible for setting investment risk policies. MBOI's stand-alone financial statements detail the investment risks associated with the securities held by the pools.

The CAPP as an internal investment pool, STIP as an external investment pool, and participant SMA investments, are subject to an element of risk in all risk categories, with the exception of CAPP having the only risk in foreign currency.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the MBOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the Board's custodial bank must be rated at a minimum at the sixth highest investment grade rating by at least two Nationally Recognized Rating Organizations (NRSROs) on an annual basis. As of June 30, 2024, all investments were recorded under the MBOI's name at their custodial bank. Therefore, MBOI is not subject to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. Concentration of credit risk is addressed within all IPS's as set by the MBOI.

The STIP IPS limits concentration of credit risk exposure by limiting portfolio investment types to 3% in any issuer except for U.S. Treasury and U.S. Agency securities as well as any repurchase agreements with a financial institution.

Credit Risk - Credit risk is defined as the risk that an issuer or other counter-party to a debt investment will not fulfill its obligation. With the exception of U.S. Government securities, the fixed income instruments in the investment pools and SMA have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS.

Foreign Currency Risk - Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. Per MBOI policy, there are maximum restrictions that can be held on non-U.S. securities in a foreign currency and only CAPP is allowed to have foreign currency exposure.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The MBOI uses for CAPP and SMA the effective duration as a measure of interest rate risk for all fixed income portfolios and STIP uses the weighted average maturity (WAM).

According to the STIP investment policy “the STIP portfolio will minimize interest rate risk by:

- structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity;
- maintaining a dollar-weighted average portfolio maturity (WAM) of 120 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities), and
- STIP will maintain a reserve account.”

The PERB's investments subject to credit and interest rate risk at June 30, 2024 are categorized in the table below. Credit risk is disclosed using the weighted credit quality rating by investment type. Interest rate risk is disclosed using weighted effective duration.

Investment	Fair Value 6/30/2024	Credit Quality Rating ¹ 6/30/2024	Effective Duration 6/30/2024
CAPP	\$ 9,769,001,847	N/R	N/A
STIP	\$ 102,230,246	N/R	54 days WAM ²
SMA ³	\$ 9,452,451	N/R	N/A
¹ CAPP and SMA have security investment types that are rated for credit and interest rate risk as of June 30, 2024, refer to MBOI's UIP Financial Statements and IPSs for the investment types that are involved.			
² Weighted Average Maturity (WAM).			
³ PERS-DCRP Disability OPEB is invested in the Separately Managed Accounts (SMA).			

Although CAPP and STIP investments have been rated by investment security type, CAPP, as an internal investment pool, and STIP, as an external investment pool, have not been rated. The SMA investment is in a mutual fund as of June 30, 2024, as such, MBOI does not calculate a credit quality nor duration on mutual funds.

Securities Lending Collateral, governed under the provisions of state statutes, MBOI authorized the custodial bank, State Street Bank, to lend MBOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain minimum collateral requirements based on contractual requirements. On any day, including June 30th, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. MBOI and the custodial bank split the earnings, 85% and 15% respectively, on security lending activities. MBOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the MBOI's credit risk exposures to the borrowers. The custodial bank cannot sell collateral securities unless the borrower defaults. For PERB, CAPP and SMA participate in the security lending.

The custodial bank loaned the MBOI's public securities and received as collateral the following instruments of cash (U.S. and foreign currency), securities issued or guaranteed by the United States government, debt, bonds, U.S. and non-U.S. equities and certificates of deposit.

There were no restrictions imposed on the number of securities available to lend during the fiscal year. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that result in a declaration and note of default of the borrower. There were no losses during the fiscal year resulting from a borrower default. As of June 30, 2024, no securities were recalled and not yet returned.

The collateral received under securities lending agreements where the pools and SMA can spend, pledge, or sell collateral without borrower default and the resulting liabilities from these transactions are included in the *Statement of Fiduciary Net Position*. Costs associated with the securities lending transactions, including broker commissions, and lending fees paid to custodians

are reported in the *Statement of Changes in Fiduciary Net Position*. Securities lending income reported for the fiscal year was \$12.3 million, and expenses were \$9.8 million.

Stable Value - Montana Fixed Fund

The Montana Fixed Fund is a stable value investment option of the PERS-DCRP and the deferred compensation plan. It is administered through outside vendors, the stable value manager Pacific Investment Management Company LLC (PIMCO); the custodial bank, State Street Bank and Trust Company (State Street); and third-party synthetic Guaranteed Interest Contract (GIC) providers - Transamerica Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential) and Voya Retirement Insurance and Annuity Company (Voya). The Montana Fixed Fund (the "Fund") employs a synthetic stable value strategy in which the stable value manager, PIMCO, manages a diversified bond portfolio and third-party insurers, Transamerica, Prudential, and Voya ("GIC Providers") promise to repay participants' principal investments, plus earnings in accordance with terms of the respective synthetic GIC contracts issued to the PERS-DCRP and deferred compensation plan for the Fund. Transamerica, Prudential, and Voya calculate a rate of interest to be applied to the contract value of the synthetic GIC for each calendar quarter called the "crediting rate", which helps smooth participants' earnings over time. The crediting rates are based on the investment manager's portfolio market value, yield, and duration in accordance with the terms of the respective contracts with the GIC providers. In addition to the synthetic GICs, the Fund's structure incorporates a money market-like liquidity strategy, and the custodial bank calculates a blended return of the individual crediting rates and the liquidity strategy for member investments. The custodial bank also calculates a Net Asset Value (NAV) that is based on the value invested in the GIC contracts, plus earning, and the liquidity strategy.

The PERS-DCRP and deferred compensation plans' stable value investments are determined by the plan accountant to be fully benefit responsive and measured at contract value. They do not participate in fair value changes.

All money invested in the Montana Fixed Fund of the PERS-DCRP and deferred compensation plan are held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a) of the Internal Revenue Code (IRC) of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with State Street. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule described in the Montana Fixed Fund investment policy established by the PERB. Additional investment constraints are contained in the investment management agreement between PERB and PIMCO, and within the respective contracts issued by each GIC provider to the Pooled Trust. PERB's stand-alone investment policies for the Defined Contribution and Deferred Compensation (457(b)) plan, as well as the stable value options offered within each plan, may be obtained from the Public Employees' Retirement Board, 100 N. Park Avenue, 2nd Floor, P.O. Box 200131, Helena, MT 59620-0131 or PERB's website <https://mpera.mt.gov/Board/boardpolicies>.

The Montana Fixed Fund is subject to investment risks associated with synthetic GIC contracts and with the bond portfolio managed by PIMCO. These risks may include, but are not limited to, the following:

Credit Risk: Credit risk is the chance that bond issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of the bond to decline. Except for the U.S. Government securities, fixed income instruments have credit risk as measured by major credit rating services. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The total investments credit quality rating for Montana Fixed Fund is AA.

Interest Rate Risk: Interest rate risk is the chance that bond prices overall will decline because of rising interest rates. The bond account has low to moderate interest rate risk as it invests primarily in short-term and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds. In accordance with GASB Statement No. 40, PIMCO has selected the effective duration method to disclose interest rate risk. The total effective duration for Montana Fixed Funds fixed income investments, as of June 30, 2024, is 3.60.

Foreign Currency Risk: Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. The Montana Fixed Fund may include securities subject to foreign currency risk.

Default Risk: Default risk is the chance that companies, or individuals will be unable to make the required payments on their debt obligations. With the Montana Fixed Fund being a separately managed account for the benefit of MPERA participants, means that all risks in the account as well as gains and losses related to assets in the account are borne by individual participants.

Derivative Risk: Derivative risk arises when the underlying fund invests in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets. The Montana Fixed Fund may include derivatives subject to derivative risk.

GIC Contract Risk: GICs are issued by insurance companies, banks, and other financial institutions and are intended to help reduce the volatility of any associated fixed income investments. These investment contracts include terms and conditions that can cause withdrawals or transfers from the investment contracts to occur at the lower of the contract's value or the value of the associated fixed income investments. Examples of these terms include, but are not limited to: (1) a withdrawal from the contract or plan not in accordance with its stated withdrawal provisions; (2) the plan fails to be administered in accordance with the plan documents; (3) an event or condition such as the plan's change of control, termination, insolvency, loss of its tax-exempt status, change in laws or accounting rules applicable to plan; or (4) other events resulting in a material and adverse financial impact on the contract issuer as may be set out in the specific contract, such as changes in the tax code or applicable laws or regulations. Also, the contract counterparty could default, become insolvent, file for bankruptcy protection, or otherwise be deemed by the plan's auditor to no longer be financially responsible. There are a limited number of investment contract

providers and, due to market conditions or other factors, enough contracts may not be available to obtain the desired amount of coverage.

Variable Investments for the PERS-DCRP and deferred compensation plan are held and managed in a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify investments and meet their individual investment goals and strategies. With advice from an independent investment analyst and assistance from the statutorily created Employee Investment Advisory Council (EIAC), the PERB conducts annual reviews of the offered mutual funds. The goal of the reviews is to ensure that the offered mutual funds meet standards established in the Investment Policy Statements adopted by the PERB. Each investment alternative is compared to its peers and an appropriate benchmark.

Life Insurance Investment Option

Deferred Compensation plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

Available investment options in the PERS-DCRP and deferred compensation plan are listed in this section. A current listing may also be obtained by contacting MPERA.

The defined benefit investments, the defined contribution investments and the deferred compensation plan investments are valued as follows and on the next two pages as of June 30, 2024.

PERB Defined Benefit Investments Measured at Fair Value

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
	June 30, 2024			
Investments by fair value level				
Commingled Equity Securities ¹	\$ 9,452,451	\$ 9,452,451		
Total Investments by fair value level	<u>\$ 9,452,451</u>	<u>\$ 9,452,451</u>		
Investments measured at the net asset value (NAV)				
CAPP Investment Pool	\$ 9,769,001,847			
Short-Term Investment Pool (STIP)	102,230,246			
Total investments measured at the NAV	<u>9,871,232,093</u>			
Total investments measured at fair value	<u>\$ 9,880,684,544</u>			

¹ The DC Disability OPEB trust fund is invested in commingled equity index funds measured at the Level 1 category in the fair value hierarchy.

PERB Defined Benefit Investments Measured at Net Asset Value (NAV)

	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
CAPP Investment Pool	\$ 9,769,001,847		Monthly, quarterly	45-90 days
Short-Term Investment Pool (STIP)	102,230,246		Daily	1 - 3 days
Total investments measured at the NAV	<u>\$ 9,871,232,093</u>			

PERB Defined Contribution Investments

Investments measured at the net asset value (NAV) ¹	June 30, 2024
Montana Fixed Fund (Stable Value Pool) ²	\$ 24,998,513
Variable Pooled Investments ³	474,336,076
Short-Term Investment Pool ⁴	4,146,335
Total investments measured at the NAV	\$ 503,480,924
Total investments measured at fair value	<u>\$ 503,480,924</u>

¹ All investments are pooled and measured at net asset value (NAV) and not within the fair value level hierarchy.

² The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contract (GICs) that are fully benefit-responsive and is reported at contract value.

³ The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

⁴ Short-Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI) and fair values are determined using the Net Asset Value (NAV) per share for the investment. STIP is not an investment option for individual participants in the PERS-DCRP.

PERB Defined Contribution Investments Measured at Net Asset Value

	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 24,998,513		Daily	None
Variable Pooled Investments ²	474,336,076		Daily	None
Short-Term Investment Pool ³	4,146,335		Daily	1 - 3 days
Total investments measured at the NAV	<u>\$ 503,480,924</u>			

¹ The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contracts (GICs) that are fully benefit-responsive and are reported at contract value.

² The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

³ Short-Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI). STIP is not an investment option for individual participants in the PERS-DCRP.

The fair values are determined using the Net Asset Value (NAV) per share for the investment.

PERB Deferred Compensation (457(b)) Plan Investments

Investments measured at the net asset value (NAV) ¹	June 30, 2024
Montana Fixed Fund (Stable Value Pool) ²	\$ 177,272,020
Variable Pooled Investments ³	464,477,317
Short-Term Investment Pool ⁴	711,571
Allianz Life Insurance Investment ⁵	3,617
Total investments measured at the NAV	\$ 642,464,525
Total investments measured at fair value	<u>\$ 642,464,525</u>

¹ All investments are pooled and measured at net asset value (NAV) and not within the fair value level hierarchy.

² The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contract (GICs) that are fully benefit-responsive and is reported at contract value.

³ The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

⁴ Short-Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI) and fair values are determined using the Net Asset Value (NAV) per share for the investment. STIP is not an investment option for individual participants in the 457(b) plan.

⁵ Term life insurance policy investment option provided through Allianz Life Insurance. This option was offered to deferred compensation plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

PERB Deferred Compensation (457(b)) Plan Investments Measured at Net Asset Value

	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 177,272,020		Daily	None
Variable Pooled Investments ²	464,477,317		Daily	None
Short-Term Investment Pool ³	711,571		Daily	1 - 3 days
Allianz Life Insurance Investment ⁴	3,617			
Total investments measured at the NAV	<u>\$ 642,464,525</u>			

¹ The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contracts (GICs) that are fully benefit-responsive and are reported at contract value.

² The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

³ Short-Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI). STIP is not an investment option for individual participants in the 457(b) plan.

⁴ Term life insurance policy investment option provided through Allianz Life Insurance. This option was offered to deferred compensation plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

The fair values are determined using the Net Asset Value (NAV) per share for the investment.

NOTE B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course of business.

Consolidated MPERB v. Lewis and Clark County and Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County V. MPERB and MPERA. On May 1, 2020, the MPERB filed a Complaint for Declaratory Relief in the First Judicial District against Lewis and Clark County. This complaint asks the District Court to rule that Article VIII, § 15 of the Montana Constitution vests the Montana Public Employees' Retirement Board with the authority to: 1) actuarially determine the amount of the unfunded pension liabilities attributable to a component unit of the Lewis and Clark County that has terminated its participation in a MPERB-administered defined benefit plan; and 2) compel the payment of this unfunded pension liability upon this component unit's termination. On June 1, the MPERB filed its First Amended Complaint amending its original pleading to add a claim for breach of contract.

The MACo filed a Complaint for Declaratory Judgment, Injunctive Relief, and a Writ of Prohibition against the MPERB and MPERA in the First Judicial District Court of Lewis and Clark County related to the same underlying issue that caused MPERA to initiate its action against Lewis and Clark County. This Complaint asked the District Court to rule that: 1) Article VIII, § 15 of the Montana Constitution does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 2) the 1947 Contract between the MPERB and Lewis and Clark County and Cascade County, as well as other similar agreements between the MPERB and all other Montana counties, does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 3) MACo is entitled to a preliminary and permanent injunction enjoining the MPERB from assessing withdrawal penalties against Montana counties; and 4) MACo is entitled to a Writ of Prohibition barring the MPERB from assessing withdrawal penalties against Montana counties. On May 15, 2020, MACo filed a First Amended Complaint and added the additional parties of Lewis and Clark County and Cascade County to this action as plaintiffs as well as additional claims for breach of express and implied contract.

On May 13, 2020, Lewis and Clark County filed a motion to dismiss the MPERB's Complaint and followed that on June 18, 2020, with a motion to dismiss MPERB's 1st Amended Complaint. Likewise, on June 25, 2020, the MPERB filed a motion to dismiss, or in alternative a motion for partial summary judgement, several of the counts in the MACo suit. Both cases were subsequently consolidated into a single action by the Court on February 22, 2021.

On February 1, 2022, the district court ruled on respective motions of the parties. In the only real narrowing of the case, the District Court cited statute that the State cannot be held liable under theories of implied contract to dismiss the counties' claim against the MPERB for breach of the covenant of good faith and fair dealing. The parties filed their respective answers on February 25, 2022, and are now conducting discovery.

In the opinion of management and legal counsel, the disposition of unfunded actuarial accrued liabilities owed to PERS in the consolidated Lewis and Clark County and the Montana Association of Counties (MACo) case, will have a material, adverse effect on the PERS plan's financial position as a whole should the Court rule against MPERA and the MPERB. An estimate of the potential liability for the Lewis and Clark County and MACo case cannot presently be made.

NOTE C. PLAN DESCRIPTIONS, MEMBERSHIP CONTRIBUTION INFORMATION

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest (accumulated contributions) may be refunded to the member. If a member returns to service and repays the withdrawn accumulated contributions plus the interest the accumulated contributions would have earned had they remained on deposit, service credit is restored.

DEFINED BENEFIT RETIREMENT PLANS

PLAN DESCRIPTIONS

Public Employees' Retirement System-DBRP (PERS-DBRP)

The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined contribution retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Public Employees' Retirement System-DBRP Education Fund: Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments, and retirement planning.

The education program consists of ongoing transfer education for new members and investment/retirement planning education for all active members.

Plan Membership Elections: MPERA has included in the financial statements \$2,741,916 in *Transfers to Defined Contribution Retirement Plan (DCRP)* and \$524,714 in *Transfers to Montana University System - Retirement Plan (MUS-RP)*. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections during fiscal year 2024.

Public Employees' Retirement System - DCRP Disability OPEB (DCRP Disability OPEB)

The DCRP Disability OPEB is considered a cost-sharing multiple-employer plan that provides an other post-employment defined benefit for the PERS-DCRP members.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined contribution retirement plans. The PERS-DCRP provides disability benefits to eligible members who elect the PERS-DCRP.

The DCRP Disability OPEB Trust Fund was established on July 1, 2002, and is governed by section 19-3-2141, MCA. Benefits of this long-term disability plan are established by state law and can only be amended by the Legislature. This benefit is based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

As of June 30, 2024, there are six members receiving a benefit from the disability plan, one less than as of June 30, 2023.

Judges' Retirement System (JRS)

The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This plan provides benefits for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge and the Associate Water Judge. Benefits are established by state law and can only be amended by the Legislature. The JRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

Highway Patrol Officers' Retirement System (HPORS)

The HPORS is a single-employer, defined benefit plan established July 1, 1945, and governed by Title 19, chapters 2 & 6 of the MCA. This plan provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the Legislature. The HPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five or ten years of service.

HPORS Deferred Retirement Option Program (DROP): Eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 6, part 10. A member must have completed at least twenty years of membership service to be eligible. The member may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the HPORS but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system, except the member contribution which goes to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until the employment is formally terminated. As of June 30, 2024, there were 10 DROP participants. Since program inception, a total of 42 members have participated in the DROP. The balance of the DROP accounts is \$1.6 million.

Sheriffs' Retirement System (SRS)

The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and governed by Title 19, chapters 2 & 8, MCA. This plan provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Municipal Police Officers' Retirement System (MPORS)

The MPORS is a multiple-employer, cost-sharing defined benefit plan established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits

are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service.

MPORS Deferred Retirement Option Plan (DROP): Eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month up to a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2024, there were 42 DROP participants. Since program inception, a total of 226 members have participated in the DROP. The balance of the DROP accounts is \$9.7 million.

Firefighters' Unified Retirement System (FURS)

The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This plan provides retirement benefits to firefighters employed by first- and second-class cities or by other cities and rural fire district departments that adopt the plan; and to firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service.

Volunteer Firefighters' Compensation Act (VFCA)

The VFCA is a multiple-employer, cost-sharing defined benefit plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers, and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability, and survivorship benefits for all eligible volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages and includes volunteer fire departments, fire districts, and fire service areas under the laws of the State of Montana. Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

A member who chooses to retire and draw a pension benefit may return to service with a volunteer fire department without loss of benefits. However, a returning retired member may not be considered an active member accruing credit for service.

VFCA is a qualified Length of Service Award Plan (LOSAP) under 457(e)(11)(B) of the Internal Revenue Service tax code. This is only for tax reporting purposes. This does not change any requirements of the program.

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MEMBERS AND EMPLOYERS

Membership in each plan as of June 30, 2024 is detailed in the following table. DROPs are included in plans as applicable. For PERS-DBRP and VFCA, inactive non-vested accounts are included. Only a Guaranteed Annual Benefit Adjustment (GABA) is included for defined benefit plans that have more than one employer and do not have a minimum benefit adjustment for retirees. Retirees are eligible for a GABA or a minimum benefit adjustment, depending on their election of GABA or Non-GABA at the time of hire.

Plan Membership as of Fiscal Year End June 30, 2024								
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2024	Single-Employer Defined Benefit		Multi-Employer Defined Benefit					
Plan Designation	JRS	HPORS	PERS-DBRP	SRS	GWPORS	MPORS	FURS	VFCA
Classification of Member								
Active	60	225	30,604	1,576	1,045	886	833	2,723
Inactive: entitled to, but not yet receiving benefits or a refund:								
Vested	1	23	5,115	224	188	140	56	835
Non-Vested	2	48	26,189	1,091	678	264	118	8,497
Inactive members and beneficiaries currently receiving benefits:								
Service Retirements	71	366	25,258	876	514	931	697	1,537
Disability Retirements		4	80	29	2	26	12	1
Survivor benefits	4	9	566	22	13	27	15	2
Total Membership	138	675	87,812	3,818	2,440	2,274	1,731	13,595

Active Defined Benefit Membership by Employer Type						
Employer Type	PERS-DBRP		SRS		GWPORS	
As of Fiscal Year End June 30,	2024	2023	2024	2023	2024	2023
State Agencies	10,222	10,045				
Department of Justice			75	71		
Department of Corrections					755	729
Department Fish, Wildlife & Parks					116	116
Department of Livestock					45	44
Department of Transportation					84	84
Counties	5,772	5,568	1,501	1,472		
Cities and Towns	3,960	3,834				
Colleges and Universities	3,127	2,897			45	44
School Districts	6,114	5,907				
High Schools	72	70				
Other Agencies	1,337	1,301				
Total	30,604	29,622	1,576	1,543	1,045	1,017

Active Defined Benefit Membership by Employee Type							
Employee Type	JRS		HPORS		MPORS		FURS
As of Fiscal Year End June 30,	2024	2023	2024	2023	2024	2023	2024 2023
GABA	58	58	225	235	884	860	831 824
Non-GABA	2	2			2	2	2 2
Total	60	60	225	235	886	862	833 826

Participating Defined Benefit Employers										
Employer Type	PERS-DBRP		SRS		GWPORS		MPORS		FURS	
As of Fiscal Year End June 30,	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
State Agencies	33	33	1	1	4	4			1	1
Counties	55	55	56	56						
Cities and Towns	100	99					36	36	15	15
Colleges and Universities	5	5			3	3				
School Districts	242	242								
High Schools	4	5								
Other Agencies	111	112							12	12
Total	550	551	57	57	7	7	36	36	28	28

In the above table, the State Agency for SRS is the Department of Justice. The State Agencies for GWPORS are Department of Corrections, Department of Fish, Wildlife & Parks, Department of Livestock, and Department of Transportation. The State Agency for FURS is the Department of Military Affairs. JRS and HPORS are not listed as they have one employer each. JRS includes the State Agency - Supreme Court and HPORS includes the State Agency - Department of Justice.

HPORS DROP Participation		
As of June 30,	2024	2023
Participants Beginning of Year	16	13
Participants Added	3	5
Completed DROP	9	2
Participants End of Year	10	16
DROP Distributions	\$1,844,039	\$588,434

MPORS DROP Participation		
As of June 30,	2024	2023
Participants Beginning of Year	50	55
Participants Added	8	7
Completed DROP	16	12
Participants End of Year	42	50
DROP Distributions	\$3,532,922	\$2,214,839

The active membership and participating employers for **PERS-DCRP Disability OPEB** are represented in the following tables:

PERS-DCRP PARTICIPATING EMPLOYERS		
Employers	June 30, 2024	June 30, 2023
State Agencies	33	33
Counties	53	53
Cities and Towns	63	62
Universities	5	5
School Districts	139	136
High Schools	3	4
Other Agencies	55	55
Total	351	348

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2024	June 30, 2023
State Agencies	1,668	1,599
Counties	586	574
Cities and Towns	457	423
Universities	190	169
High Schools	5	6
School Districts	424	392
Other Agencies	247	243
Total	3,577	3,406

FY 2024 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP	7.9% [19-3-315(1)(a), MCA]	9.17% State & University 9.07% Local Governments 8.8% School Districts (K-12) [19-3-316, MCA]	0.1% of Local Government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP	7.9% [19-3-315(1)(a), MCA]	9.17% State & University 9.07% Local Governments 8.8% School Districts (K-12) [19-3-316, MCA]	0.1% of Local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP Disability OPEB		0.3% - an allocation of the DCRP employer contribution [19-3-2117, MCA]	
JRS¹	7.0% [19-5-402, MCA]	0% [19-5-404, MCA]	
HPORS³	13.0% - hired prior to 7/01/97 & not electing GABA 13.05% - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	38.33% [19-6-404(1), MCA]	
SRS³	10.495% [19-7-403, MCA]	13.115% [19-7-404, MCA]	
GWPORS^{2,3}	10.56% [19-8-502, MCA]	10.56% [19-8-504, MCA]	
MPORS	7.0% - hired after 6/30/75 & prior to 7/1/79 & not electing GABA [19-9-710(1)(a), MCA] 8.5% - hired after 6/30/79 & prior to 7/1/97 & not electing GABA [19-9-710(1)(b), MCA] 9.0% - hired after 6/30/97 & members electing GABA [19-9-710(1)(c), MCA & 19-9-710(2), MCA]	14.41% [19-9-703, MCA]	29.37% of salaries – paid from the General Fund [19-9-702, MCA]
FURS	9.5% - hired prior to 7/1/97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06/30/97 & members electing GABA [19-13-601(2)(b), MCA]	14.36% [19-13-605, MCA]	32.61% of salaries – paid from the General Fund [19-13-604, MCA]
VFCA			5.0% of fire insurance premium tax, paid from the General Fund [19-17-301, MCA]

¹ Beginning July 1, 2023 for JRS, the state shall pay as employer contributions an actuarially determined employer contribution (ADEC) that is determined annually by the PERB's actuary. This ADEC is effective July 1, following the annual actuarial valuation completed in prior calendar year.

² Beginning July 1, 2023 through June 30, 2024 for GWPORS, the employer shall pay as employer contributions 10.56% of compensation paid to all of the employer's employees, except those properly excluded from membership.

³ Beginning July 1, 2024 (Fiscal Year 2025), the employers of HPORS, SRS, and GWPORS, shall pay as employer contributions an actuarially determined employer contribution (ADEC) that is determined annually by the PERB's actuary.

CONTRIBUTIONS

Member and employer contribution rates are established by state law and may be amended only by the Legislature.

Member contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed.

- For **PERS-DBRP**, the 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There will be no reduction to the member contributions on January 1, 2025, due to the amortization period being 27 years at June 30, 2024.
- The **PERS-DBRP** employee education program is funded by 0.04% of the employer's contributions.
- For **HPORS**, **MPORS** and **FURS**, member contribution rates are dependent upon date of hire as a highway patrol officer, police officer, and firefighter, respectively.

Employer contributions for **PERS-DBRP** temporarily increased 1.0%, effective July 1, 2013. Further, employer contributions increase an additional 0.1% a year over 10 years beginning July 1, 2014, through 2024. For fiscal years beginning after June 30, 2024, the additional employer contribution amount stays at 2.27%. The employer additional contributions, including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. Based on the June 30, 2024 actuarial valuation, the additional contributions will not be terminated on January 1, 2025.

- For **PERS-DBRP** (§19-3-1106, MCA), **HPORS** (§19-6-1101, MCA), **GWPORS** (§19-8-1201, MCA), **SRS** (§19-7-1101, MCA), **MPORS** (§19-9-1301), and **FURS** (§19-13-1101, MCA), employer contributions are required to be paid on working retiree compensation. Member contributions are not required for working retirees.
- Under section 19-3-2117, MCA the employers are the only contributors to the **DCRP Disability OPEB**. The employer contribution rate is 0.30% of a DCRP member's compensation, which is allocated to the long-term disability plan trust fund to provide disability benefits to eligible DCRP members.
- For the **JRS**, during the 2023 Legislative Session, House Bill 569 was passed continuing with the 0% employer contribution for **JRS** through June 30, 2024. Beginning July 1, 2023, the employer contribution rate is actuarially determined.

- For the **HPORS**, the employer contribution rate through June 30, 2024 was 38.33%. With the passing of House Bill 569 during the 2023 Legislative Session, the employer rate of 28.15% and the State contribution of 10.18% were combined for the 38.33% employer contribution rate.
- For the **SRS**, during the 2017 Legislative Session, House Bill 383 was passed temporarily increasing both the employee and employer contributions. Effective July 1, 2017, the employee contributions increased from 9.245% to 10.495%. The employee contributions will return to 9.245% on July 1 following the system's actuarial valuation if the report shows the funded ratio for the Sheriff's system is at least 100%. Effective July 1, 2017, the employer had an additional contribution increase of 3%, from 0.58% to 3.58%, for a total employer contribution rate of 13.115%. These rates continued through June 30, 2024.
- During the 2023 Legislative Session, House Bill 569 was passed increasing the employer contribution rate in **GWPORS** to 10.56% from 9.0%. This increase is effective July 1, 2023 through June 30, 2024.

Summary of Changes in Contribution Rates for fiscal year 2025 and Beyond:

- Effective July 1, 2024, the actuarially determined employer contribution rate will be 0% through June 30, 2025, for JRS. For July 1, 2025 through June 30, 2026, the actuarially determined employer contribution rate will be 0%.
- After July 1, 2024, the employer contribution rates will be actuarially determined annually for HPORS, SRS, and GWPORS.
 - For HPORS, the July 1, 2024 through June 30, 2025 employer contribution rate will be 34.40% and the July 1, 2025 through June 30, 2026 employer contribution rate will be 34.90%.
 - For SRS, the July 1, 2024 through June 30, 2025 employer contribution rate will be 12.074% and the July 1, 2025 through June 30, 2026 employer contribution rate will be 12.079%.
 - For GWPORS, the July 1, 2024 through June 30, 2025 employer contribution rate will be 9.62% and the July 1, 2025 through June 30, 2026 employer contribution rate will be 9.18%.

State contributions and appropriations

- **PERS-DBRP** receives a supplemental state appropriation from the general fund of the State of Montana. The total amount received for fiscal year 2024 was \$35.0 million. These are recorded as *State Appropriations* on the financial statements.
- For the **HPORS**, during the 2021 Legislative Session, House Bill 72 was passed for an additional funding source for the HPORS system from the Highway Patrol state special revenue account for recruitment and retention of HPORS members. Under provisions of this bill, it will transfer from the HPORS retention fund to the HPORS trust fund \$4 million by August 15, 2021, \$2 million by August 15, 2022 and \$500 thousand by August 15 for each fiscal year until the system is 100% funded. The total amount received for fiscal year

2024 was \$500 thousand. This is recorded as *State Appropriations* on the financial statements.

- For **HPORS**, **SRS**, and **GWPORS**, during the 2023 Legislative Session, House Bill 569 provided a one-time appropriation of State of Montana general fund dollars in fiscal year 2024. The HPORS received \$27.6 million, the SRS received \$26.8 million, and the GWPORS received \$41.2 million. These are recorded as *State Appropriations* on the financial statements.
- The State contributions for **MPORS** and **FURS**, are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1. The total amount received for fiscal year 2024 was \$20.5 million for MPORS and \$23.6 million for FURS. These are recorded as *State Appropriations* on the financial statements.
- The State is the only contributor to the **VFCA**. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Compensation Act fund. The total amount received for fiscal year 2024 was \$3.5 million and is recorded as *State Appropriations* on the financial statements.

ADDITIONAL SERVICE PURCHASE DUE TO A REDUCTION IN FORCE

Section 19-2-706, MCA allows state and university system active employees of **PERS-DBRP**, **HPORS**, **SRS**, **GWPORS**, and **FURS** who are eligible for a service retirement and whose positions have been eliminated due to a reduction in force, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance.

- The **PERS-DBRP** employees participating under section 19-2-706, MCA increased from 303 in fiscal year 2023 to 308 in fiscal year 2024. The contributions received (including interest) during fiscal year 2024 totaled \$193,010. These are recorded in the *Employer Contributions* on the financial statements. For the employer who chose a ten-year payment schedule before July 1, 2016, the outstanding balance at June 30, 2024, totaled \$2,106. This is recorded as *Notes Receivable* on the financial statements.
- Three **SRS** employees have taken advantage of this provision to date. All purchases are paid in full.
- No **HPORS**, **GWPORS**, or **FURS** employees have taken advantage of this provision to date.

SUPPLEMENTAL PAYMENTS

- *Supplemental Benefit for Retirees:* Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19.
- *VFCA Group Insurance Payments:* Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

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DEFINED BENEFIT PLAN PROVISIONS

System	Common provisions and terms			
	Compensation period for benefit calculation	Vesting	Eligibility	Benefit Multiplier
PERS-DBRP	Member's highest average compensation (HAC): * Pre-7/01/2011 - consecutive 36 months; * 7/01/2011 - consecutive 60 months; * 7/01/2013 - 110% annual cap on HAC compensation.	5 years	Pre-7/01/2011 * 30 years service, any age or * 5 years, age 60 or * any years, age 65 7/01/2011 * 5 years, age 65, or * any years, age 70	Pre-7/01/2011 * < 25 years: 1.78571% * 25 years or more: 2% 7/01/11 * < 10 years: 1.5% * 10-29 years: 1.78571% * 30 years or more: 2%
JRS	Member's current salary or highest average compensation (HAC): * Pre-7/01/1997 and non-GABA - monthly compensation at retirement; * 7/01/1997 or electing GABA - consecutive 36 months; * 7/01/2013 - 110% annual cap on HAC compensation.	5 years	5 years, age 60	* Up to 15 years: 3.33% * 15 years or more: 1.785% for each year > 15 years
HPORS	Member's highest average compensation (HAC): * Consecutive 36 months; * 7/01/2013 - 110% annual cap on HAC compensation.	Pre-7/01/2013 5 years 7/01/2013 10 years	Pre-7/01/2023 Hires 20 years, any age New Hires after 7/01/2023 20 years, age 50	2.6% per year
SRS	Member's highest average compensation (HAC): * Pre-7/01/2011 - consecutive 36 months; * 7/01/2011 - consecutive 60 months; * 7/01/2013 - 110% annual cap on HAC compensation.	5 years	Pre-7/01/2023 Hires 20 years, any age New Hires after 7/01/2023 20 years, age 50	2.5% per year
GWPORS	Member's highest average compensation (HAC): * Pre-7/01/2011 - consecutive 36 months; * 7/01/2011 - consecutive 60 months; * 7/01/2013 - 110% annual cap on HAC compensation.	5 years	* 20 years, age 50 or * 5 years, age 55	2.5% per year

System	Compensation period for benefit calculation	Vesting	Eligibility	Benefit Multiplier
MPORS	Member's final average compensation (FAC): * Pre-7/01/1977 - average monthly compensation at retirement. * 7/01/1977 - FAC last consecutive 36 months. * 7/1/2013 - 110% annual cap on FAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	2.5% per year
FURS	Member's compensation: * Pre-7/01/1981 and no GABA - highest monthly compensation (HMC); * 7/01/1981 and GABA - HAC instead of HMC consecutive 36 months. * 7/1/2013 - 110% annual cap on HAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	* Pre-7/1/1981 and no GABA: 2% per year if less than 20 years, and * 50% of HAC + 2% per additional year over 20 years * Post 7/1/1981 and GABA: 2.5% per year
VFCA	No compensation	10 years	* 20 years, age 55 or * 10 years, age 60	* 10 - 20 years: \$8.75 per credited year * 20 years or more: \$7.50 per credited year * Post 7/01/2011, actuarially sound, and 30 years or more: \$7.50 per credited year

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System	Common provisions and terms	
	Working Retiree Limitations	Retirement Benefits - Form of Payment
PERS-DBRP	(1) Pre-7/1/2011 and < 65 years of age * \$1 reduced for \$1 earned over 960 hours (2) > 65 years of age and less than 70 1/2 retiree \$1 reduced for \$1 earned in excess of: * 960 hour limit above; or * sum of benefit + PERS earnings that exceeds HAC adjusted for inflation.	• Option 1, single life annuity, balance to beneficiary • Option 2, 100% joint and survivor benefit • Option 3, 50% joint and survivor benefit • Option 4, a life annuity with period certain. Within 18 months of the death of or divorce from the contingent annuitant (CA), retiree can choose Option 1 or select new CA and/or a different option. * Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.
JRS	N/A	
HPORS	Return on or after 7/1/2017: (1) < 480 hours in a calendar year: • \$1 reduced for each \$3 > \$5 thousand in year. (2) 480 or more hours in a calendar year: • become active member of the system; • retirement benefit stops. * Employer and state contributions are paid on working retirees.	* Life annuity, 100% continuation to surviving spouse or dependent children.
GWPORS		• Option 1, single life annuity, balance to beneficiary • Option 2, 100% joint and survivor benefit • Option 3, 50% joint and survivor benefit • Option 4, a life annuity with period certain.
SRS		Within 18 months of the death of or divorce from the contingent annuitant (CA), retiree can choose Option 1 or select new CA and/or a different option. * Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.
MPORS		* Life annuity, 100% continuation to surviving spouse or dependent children.
FURS		* Life annuity, 100% continuation to surviving spouse or dependent children.
VFCA	N/A	N/A

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System	Working Retiree Limitations	Retirement Benefits - Form of Payment
HPORS DROP	N/A	During DROP employment: * MPORS receives monthly DROP accruals, including GABA; plus * interest at assumed rate of return. * HPORS receives monthly DROP accruals, including contributions; plus * interest at assumed rate of return. Post DROP employment: * no retirement or DROP payment; * DROP account accrues interest. Termination of Post DROP employment: * retirement benefit; * Additional benefit based on member's service credit and HAC after DROP; * DROP benefit.
MPORS DROP	N/A	During DROP employment: * MPORS receives monthly DROP accruals, including GABA; plus * interest at assumed rate of return. * HPORS receives monthly DROP accruals, including contributions; plus * interest at assumed rate of return. Post DROP employment: * no retirement or DROP payment; * DROP account accrues interest. Termination of Post DROP employment: * retirement benefit; * Additional benefit based on member's service credit and HAC after DROP; * DROP benefit.

System	Common provisions and terms	
	Service Credit	Membership Service
PERS-DBRP	* Service credit determines benefit. * 1 month of service credit = 160 compensated hours (240 hours in 3-pay check months). This includes certain transferred and purchased service. * Eligible active members may purchase 1 for 5 service credit.	* Membership service determines vesting and benefits. * 1 month of membership service = any month any service reported by employer. * Eligible member may purchase membership service.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
VFCA	1 year of credit for service: • serve with same fire company entire fiscal year, and • minimum 30 hours training. * Fractional years are not credited.	N/A

System	Common provisions and terms	
	Compensation	Withdrawal of member contributions
PERS-DBRP	Compensation generally means: * all remuneration paid; * excluding certain allowances, benefits, and lump sum payments; * specifically defined in law and differs amongst the systems. * 7/1/2013 - Bonuses paid are not compensation or pensionable.	Upon termination, a member is eligible to: * forfeit right to monthly benefit. * withdraw member contributions + interest. * rollover >\$200 refunds within 90 days.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
VFCA	N/A	N/A

System	Common provisions and terms	
	Contributions	Member contributions interest credited
PERS-DBRP	* Member contributions are made through an "employer pickup" pretax arrangement.	* Interest is credited to member accounts at the rates determined by the Board. * The fiscal year 2024 interest rate credited to member accounts was 3.71%.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
PERS-DCRP Disability OPEB	* Member contributions: None * Employer contributions: 0.30% of member compensation	
VFCA	N/A	N/A

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System	Early Retirement Benefit	Second Retirement Benefit
PERS-DBRP	Actuarially reduced: * Pre-7/01/2011: • 5 years membership service, age 50 or • 25 years membership service, any age * 7/01/2011: • 5 years membership service, age 55	<u>Requires returning to PERS-covered employment:</u> Retire before 1/01/2016 < 2 years additional service credit: * refunded member contributions plus interest; * no service credit; * same benefit previously paid to the member; and * GABA immediately in January. At least 2 years additional service credit: * recalculated retirement benefit based on provisions in effect at second retirement; and * GABA on the recalculated benefit in January after receipt of new benefit for 12 months. Retire on or after 1/01/2016: < 5 years additional service credit * refunded member contributions plus interest; * no service credit; * same benefit previously paid to the member; and * GABA immediately in January. At least 5 years of additional service credit: * same retirement benefit prior to the return; * second retirement benefit for post return to based on rehired date laws in effect; and * GABA starts on both benefits in January after receipt for 12 months.
JRS	N/A	N/A
MPORS	* 5 years membership service, age 50	MPORS Initial Second Retirement: Age 50, re-employed in a MPORS position. Return prior to 7/01/2017: * < 20 years of membership service: • repay benefits; and • new benefit based on total service. * > 20 years of membership service: • receives initial benefit; and • new retirement benefit based on new service credit and FAC.

Continued on next page

System	Early Retirement Benefit	Second Retirement Benefit
HPORS	Actuarially reduced from age 60 when discontinued from service other than for cause: * Pre-7/01/2013 - 5 years of membership service * 7/01/2013 - 10 years of membership service	Return on or after July 1, 2017: * > 480 hours in a calendar year and < 5 years service credit: • no service credit; • refunded member contributions; • same retirement benefit previously paid, and • GABA immediately in January. * > 480 hours in a calendar year and at least 5 years of service credit: • is awarded service credit for period of reemployment; • same retirement benefit previously paid; • a second retirement benefit for post return calculated based on rehired date laws in effect; • GABA starts on the initial benefit in January and second one 12 months later. * No eligibility for a disability benefit.
SRS	Actuarially reduced from age 60 or 20 years of membership service: * 5 years membership service, age 50	
GWPORS	* 5 years of membership service, age 55	
MPORS	* 5 years membership service, age 50	
FURS	* 5 years of membership service, age 50	
VFCA	N/A	N/A

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System	Post Retirement Benefit Increases		
	Guaranteed Annual Benefit Adjustment (GABA)	GABA Waiting Period	Minimum Benefit Adjustment
PERS-DBRP	• Pre-7/01/2007 - 3.0% • 7/01/2007 through 6/30/2013 - 1.5% • 7/01/2013 - (a) 1.5% for each year if PERS is funded at or above 90%; (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, (c) 0% whenever the amortization period for PERS is 40 years or more.	1 year	N/A
JRS	7/01/1997 or elected GABA - 3%	1 year	Pre-7/01/1997 and did not elect GABA: Benefits increase biannually same as salary of sitting judge.
HPORS	7/01/1997 or elected GABA - 3.0% 7/01/2013 - 1.5%	Pre-7/01/2013 - 1 year 7/01/2013 - 3 years	Pre-7/01/1997 and did not elect GABA: 2% x service credits x base salary of probationary officer. Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.
SRS	Pre-7/01/2007 - 3% 7/01/2007 - 1.5%	1 year	N/A
GWPORS	Pre-7/01/2007 - 3.0% 7/01/2007 - 1.5%	1 year	N/A
MPORS	7/01/1997 or elected GABA - 3.0%	1 year	Pre-7/01/1997 and did not elect GABA - 1/2 of monthly salary of new officer
FURS	7/01/1997 or elected GABA - 3.0%	1 year	Pre-7/01/1997 and did not elect GABA - 1/2 of monthly salary of new firefighter
VFCA	N/A	N/A	N/A

System	Disability	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
PERS-DBRP	* 5 years of membership service Pre-2/24/1991 and did not make a contrary election - Greater of: • (90% of 1.785% of HAC) x service credit, or • 25% of HAC 2/24/1991 to 7/01/2011 - • < 25 years membership service: 1.758% of HAC x service credit, or • At least 25 years membership service: 2% of HAC x service credit 7/01/2011 - • < 10 years membership service: 1.5% of HAC x years of service credit • Between 10 and 30 years membership service: 1.785% of HAC x service credit • > 30 years membership service: 2% of HAC x service credit	Vested member's status at time of death: • active; • receiving disability benefit for less than six months; • continuously disabled without receiving a disability benefit; or • inactive. Hired prior to 7/01/2011 - Age 50 or 25 years membership service • actuarial equivalent of accrued benefit at death; or, < Age 50 and < 25 years membership service • actuarial equivalent of the accrued early benefit paid at age 50. Hired on or after 7/01/2011 - Age 55 • actuarial equivalent of accrued benefit at death; or < Age 55 • actuarial equivalent of accrued early benefit paid at age 55.
PERS-DCRP Disability OPEB	* Any age 5 years of membership service Hired prior to 7/1/2011, or hired prior to 2/24/1991 - • < 25 years membership service: 1.785% of HAC x service credit, or • Least 25 years of membership service: 2% of HAC x service credit; and • Benefit payable to later of age 65 or for five years. Hired on or after July 1, 2011 - • Between 5 and 10 years membership service: 1.5% of HAC x years of service credit; • Between 10 and 30 years membership service: 1.785% of HAC x years service credit; • 30 or more years membership service: 2% of HAC x years of service credit; • Benefit payable to age 70 for disabilities occurring prior to age 65, or < five years for disabilities occurring after age 65. • No distributions from individual defined contribution account while being paid from the PERS-DCRP Disability OPEB. • Participants may choose to receive a distribution from their individual account instead of applying for and receiving a disability benefit.	Survivor's benefit: Disability benefits cease after death of a member, and their beneficiary is entitled to the member's vested defined contribution account balance. Form of payment: • Normal form of payment is an annuity. • No other forms of payment are available

	Disability	Survivor
System	Eligibility & Benefit Formula	Eligibility & Benefit Formula
JRS	Duty-related disability: - Any amount of membership service - Greater of 50% of salary or 50% of HAC Non-duty-related disability: 5 years membership service - Actuarial equivalent of normal retirement at disability	Duty-related death: - service retirement benefit on date of death. Non-duty-related death: - vested member; - refund of member's contributions, or - actuarial equivalent of service retirement at death. - Retired members without contingent annuitant, payment made to member's designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
HPORS	Duty-related disability: - Any active member < 20 years membership service: 50% of HAC, or > 20 years membership service: 2.6% of HAC x years of service credit Regular disability: - Any vested member - Actuarial equivalent of service retirement benefit at age 60.	Duty-related deaths: - active member; 50% HAC to spouse or dependent child. Non-duty-related death: - active or inactive member; - actuarial equivalent of early retirement benefit to spouse or dependent child. * Retired members without spouse or dependent child, payment made to member's designated beneficiary will be = accumulated contributions reduced by any retirement benefits already paid.
HPORS DROP	N/A	Death Before the End of DROP Period: * DROP and regular benefit to spouse or dependent child. * If no surviving spouse or dependent children, member's designated beneficiary receives balance of member's retirement account and a lump-sum payment of the member's DROP Benefit.

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System	Disability	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
SRS	Duty-related disability: - Any active member with any membership service < 20 years membership service: 50% of HAC, or > 20 years membership service: 2.5% of HAC x years of service credit Non-duty-related disability: - Any vested member with 5 years membership service - Actuarial equivalent of the normal retirement benefit at disability.	Duty-related death: - any active member - lump-sum payment of member contributions; or - benefit to the designated beneficiary that is greater of: 50% of HAC; or > 20 years = 2.5% x HAC x service credit Non-duty-related death: - any member - lump-sum refund of member contributions; or - benefit = 2.5% of HAC x service credit; - actuarially reduced from age 60 or 20 years membership service, whichever provides the greater benefit. • Retired members without contingent annuitant, payment made to designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
GWPORS	Duty-related disability: - Vested active member < 20 years of membership service 50% of HAC; or > 20 years of membership service: 2.5% of HAC x years of service credit Regular disability: - vested member - actuarial equivalent of normal retirement benefit disability.	Duty-related death: * active member * benefit to designated beneficiary < 25 years membership service: 50% of HAC, or > 25 years membership service: 2.5% x HAC x service credit Non-duty-related death: - any member - lump-sum refund of member contributions; or - actuarial equivalent of service benefit at death. • Effective July 1, 2017, beneficiaries of GWPORS members who die prior to retirement are eligible for either a lump-sum benefit or a monthly survivor benefit. The monthly survivor benefit may be paid out as an option 1, 2, 3, or 4, at the survivor's discretion. Previously, statute provided for lump-sum payments only.

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System	Disability	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
MPORS	- Any active member < 20 years of membership service: 50 % of FAC > 20 years of membership service: 2.5% of FAC x years of service credit	- Any active member; - benefit to spouse or dependent child: < 20 years of membership service: 50 % of FAC > 20 years of membership service: 2.5% of member's FAC x years of service credit - In absence of a spouse or child, accumulated contributions minus any benefits already paid will be paid to member's designated beneficiary.
MPORS DROP	If a member becomes disabled during DROP Period, member will not be eligible for MPORS disability benefits.	Death Before the End of DROP Period: - DROP and regular benefit to spouse or dependent child. - In absence of surviving spouse or dependent children, then member's designated beneficiary receives balance of member's retirement account and a lump-sum payment of the member's DROP Benefit.
FURS	- Any active member The greater of: 50% of HAC, or 2.5% of HAC x years of service credit	- Any active or inactive member; - benefit to spouse or dependent child: < 20 years of membership service 50% of HAC. > 20 years of membership service retirement benefit at date of death.
VFCA	Duty-related disability: - Any current member on a fire company's roster - Monthly benefit greater of: \$87.50 per month, or (\$8.75 per month x years of credited service up to 20 years) + (\$7.50 per month x years of credit service from 21 years up to 30 years) Post 7/01/2011, actuarially sound, and 30 years or more: - Additional \$7.50 per month per year	10 years credited service or a retired member - Benefit to surviving spouse or dependent child for total of 40 months includes payments to retired member prior to death.

DEFINED CONTRIBUTION RETIREMENT PLAN

PLAN DESCRIPTION

Public Employees' Retirement System-DCRP (PERS-DCRP)

The PERS-Defined Contribution Retirement Plan (DCRP) is a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

DCRP Education Fund: The DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, was established to provide funding for the required education programs for members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers' contributions in fiscal year 2024.

DCRP Disability Fund: The DCRP Disability Fund (DC Disability), as governed by section 19-3-2141, MCA, provides disability benefits to eligible members who elect the PERS-DCRP. The DCRP Disability Fund received 0.3% of the employers' contribution in fiscal year 2024. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB*.

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MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2024	
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2024	Multi-Employer Defined Contribution
Plan Designation	PERS-DCRP
Classification of Member	
Active	3,577
Inactive: entitled to, but not yet receiving benefits or a refund:	
Vested	1,058
Non-Vested	1,399
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	245
Disability Retirements	6
Survivor benefits	3
Total Membership	6,288

Participating Defined Contribution Employers		
Employer Type	PERS-DCRP	
As of Fiscal Year End June 30,	<u>2024</u>	<u>2023</u>
State Agencies	33	33
Counties	53	53
Cities and Towns	63	62
Colleges and Universities	5	5
School Districts	139	136
High Schools	3	4
Other Agencies	55	55
Total	351	348

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2024	June 30, 2023
State Agencies	1,668	1,599
Counties	586	574
Cities	457	423
Universities	190	169
High Schools	5	6
School Districts	424	392
Other Agencies	247	243
Total	3,577	3,406

CONTRIBUTIONS

Public Employees’ Retirement System-DCRP (PERS-DCRP)

Assets of the PERS-DCRP are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement™ is the recordkeeper for the plan.

Member and employer contribution rates are established by state law and may be amended only by the Legislature. (Reference Schedule of Contribution Rates in this section).

Member contributions are deducted from each member’s salary and remitted by participating employers. The entire amount of the member’s contribution is credited to the individual account and maintained by the recordkeeper.

The 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results for the PERS-DBRP that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There is no reduction to the member contributions on January 1, 2025.

The total employer contribution rate of 9.17% is allocated as follows: 8.83% to the member’s retirement account, 0.04% to the defined contribution education fund, 0.3% to the long-term disability plan.

Employer contributions temporarily increased 1.0%, effective July 1, 2013. Further, employer contributions increase an additional 0.1% a year over 10 years beginning July 1, 2014, through 2024. For fiscal years beginning after June 30, 2024, the additional employer contribution amount stays at 2.27%. The employer additional contributions, including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. Based on the June 30, 2024 actuarial valuation, the additional contributions will not be terminated on January 1, 2025.

DEFINED CONTRIBUTION SUMMARY OF BENEFITS

	PERS-DCRP
Eligibility for benefit	Termination of Service
Vesting	- Immediate for participant's contributions and attributable income; 5 years of membership service for the employer's contributions to individual accounts and attributable income.
Benefit	- Depends upon eligibility and individual account balance; - Various payout options are available, including: - taxable lump sums, - periodic payments per participant direction; and - IRS-permitted rollovers.

OTHER EMPLOYEE BENEFIT PLAN

Deferred Compensation (457(b)) Plan

PLAN DESCRIPTION

The Deferred Compensation (457(b)) Plan is an Other Employee Benefit Plan established in 1974. The Deferred Compensation Plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Code (IRC) §457. This plan is available to all employees of the State, Montana University System, and contracting political subdivisions.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts, or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement™ is the recordkeeper for the plan. Participants elect to defer a portion of their salary designating the amount to be contributed, within IRC limitations, either pre-tax deferral or designated Roth contribution. Most employers do not contribute to this plan on behalf of their employees. Distribution of deferred salary is not allowed to employees until separation from service, retirement, or death. Unforeseen hardship distributions may be allowed while a participant is still employed, provided IRS-specified criteria are met. The 33 State Agencies are represented as one employer.

MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2024	
Classification of Members	Number of Members
Active:	4,414
Inactive: entitled to, but not yet receiving benefits or a refund: Vested	5,328
Total Membership	9,742

Participating Other Employee Benefit Employers		
Employer Type	Deferred Compensation (457(b)) Plan	
	2024	2023
As of Fiscal Year End June 30,		
State Agencies	1	1
Counties	10	10
Cities and Towns	19	20
Colleges and Universities	5	5
School Districts	15	18
Other Agencies	22	19
Total	72	73

CONTRIBUTIONS

The **Deferred Compensation (457(b)) Plan** is an other employee benefit plan designed to supplement retirement savings. Participants designate the amount to contribute with IRC limitations; either pre-tax deferral or designated Roth contribution. Most employers do not contribute to this plan on behalf of their employees.

SUMMARY OF BENEFITS

	Deferred Compensation (457(b)) Plan
Eligibility for benefit	• Not available to participant until separation from service, retirement, or death. • Unforeseen hardship distributions may be allowed while a participant is still employed, provided IRS-specified criteria are met.
Vesting	• Participants are fully vested in their accounts immediately.
Benefit	• Lump sum or periodic benefit payment, at the option of the participant. • Based on individual account balances and plan provisions. • IRS permitted rollovers are also possible.

DEFINED CONTRIBUTION AND DEFERRED COMPENSATION INVESTMENTS

Among the offered investment options, the participants of the:

- **PERS-DCRP** direct their contributions and their portion of employer's contributions.
- **Deferred Compensation Plan** direct their deferred salary.

Participants may invest in any or all the offered options and transfer between options daily, if desired. The investment options offered are selected by the PERB in compliance with the **PERS-DCRP** or **Deferred Compensation** Investment Policy Statement, the advice of an independent investment consultant, and assistance from the statutorily created Employee Investment Advisory Council.

The offered investment options fall into two primary types: (1) the variable investment options and (2) the fixed investment option.

Variable investments: The variable investment options include a variety of Large, Mid/Small Cap investment options, as well as fixed income bond funds and Target Date Retirement Funds. Options range from conservative to aggressive. These investment options cover all standard asset classes and categories and are presented on the following page.

PERS-DCRP Investment Options as of June 30, 2024	Deferred Compensation (457(b)) Plan Investment Options as of June 30, 2024
International Equity - State Street Gbl All Cap Equity Ex US Index SL II (CIT) - Arrowstreet International Eq ACW Ex US A (CIT)	International Equity - State Street Gbl All Capt Equity Ex US Index SL II (CIT) - Arrowstreet International Eq ACW Ex US A (CIT)
US Small/Mid Cap Equity - State Street Russell SMID Cap Index SL II (CIT) - JPMorgan SMID Cp Eq; R6	US Small/Mid Cap Equity - State Street Russell SMID Cap Index SL II (CIT) - JPMorgan SMID Cp Eq; R6
US Large Cap Equity - State Street S&P 500 Index SL II (CIT) - Vanguard Equity Inc; Adm - Fidelity Contrafund 1 (CIT)	US Large Cap Equity - State Street S&P 500 Index SL II (CIT) - Vanguard Equity Inc; Adm - Fidelity Contrafund 1 (CIT)
Real Return State Street Real Assets NL C (CIT)	Real Return State Street Real Assets NL C (CIT)
Fixed Income - State Street US Bond Index SL XIV (CIT) - PGIM Core Plus Bond 16 (CIT)	Fixed Income - State Street US Bond Index SL XIV (CIT) - PGIM Core Plus Bond 16 (CIT)
Target Date Funds T. Rowe Price Retirement - Balanced and 2005 through 2065	Target Date Funds T. Rowe Price Retirement - Balanced and 2005 through 2065
Fixed Investment Options Montana Fixed Fund	Fixed Investment Options Montana Fixed Fund

In addition to the investments listed, Deferred Compensation plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

The Short-Term Investment Pool (STIP) is not an investment option for the Defined Contribution and Deferred Compensation plan participants. STIP is used in the administration of the Plans.

Fixed Investment: Montana Fixed Fund. The Montana Fixed Fund is a stable value investment option, administered and managed by outside vendors:

- Pacific Investment Management Company LLC (PIMCO), Stable Value Manager;
- State Street Bank and Trust Company (State Street), Custodial Bank; and
- Third-party synthetic Guaranteed Interest Contract (GIC) providers
 - Transamerica Life Insurance Company (Transamerica),
 - The Prudential Insurance Company of America (Prudential), and
 - Voya Retirement Insurance and Annuity Company (Voya).

When participants invest in the Montana Fixed Fund option, they are guaranteed a fixed rate of return, which is adjusted in accordance with the terms of the respective GIC provider contracts. The Montana Fixed Fund employs a synthetic stable value strategy where the stable value

manager, PIMCO, manages a diversified bond portfolio and third-party insurers, Transamerica, Prudential, and Voya, guarantee the participants' principal investments and earnings in accordance with the respective contracts with the GIC providers. The third-party insurers set a fixed quarterly rate of return based on the stable value manager's portfolio yield, duration, market value and the contracts provide assurance that future credited income will not be below zero.

All money invested in the Montana Fixed Fund from the **PERS-DCRP** and **Deferred Compensation Plan** is held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with State Street. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule described in the Montana Fixed Fund investment policy established by the PERB. Additional investment constraints are contained in the investment management agreement between PIMCO and the PERB, and in the respective contracts issued by the Pooled Trust by each GIC provider.

Administrative expenses and revenues: Expenses for the **PERS-DCRP** and **Deferred Compensation Plan** can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of revenues and expenses.

Administrative funding: The PERB charges **PERS-DCRP** and **Deferred Compensation** participants an administrative fee on participants' account balances to fund the plan's expenses. On a quarterly basis, the recordkeeper withholds the fee from each plan participant's account. Empower Retirement™ withholds a portion of the fee collected from the participant to pay their recordkeeping fee and submits the remainder to the PERB. The PERB records this as *Miscellaneous Revenue* for each plan in the financial statements. Based on MPERA Board Admin Policy 13 and 14, the PERB reviews the fees every year. Due to cash balances being greater than the equivalent of 12 months of administrative fees, the PERB has suspended charging PERS-DCRP participant fees for the fiscal years 2021 through 2024.

Recordkeeping fees: The recordkeeper, Empower Retirement™, charges a set fee to the PERB for all **PERS-DCRP** and **Deferred Compensation** plan participants. These amounts are recorded as *Miscellaneous Expense* in the financial statements. Beginning in fiscal year 2021, the PERB approved a fee suspension for the PERS-DCRP participants. With the fee suspension, MPERA pays the recordkeeping fees out of the administrative expenses.

Montana Fixed Fund fees: The Montana Fixed Fund's crediting rate is declared net of expenses. Fees on the fund are charged by each of the five providers, PIMCO, State Street, Transamerica, Prudential, and Voya. The fees are defined under each contract for specific services. The fees charged by PIMCO and State Street for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica, Prudential and Voya are classified as *Miscellaneous Expense*.

Mutual funds/variable investments fees: The variable investments have investment management fees and some may have additional administrative fees. These fees are not presented in the financial statements. Mutual fund earnings are declared net of expenses, both investment

management and administrative expenses, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs be made available in the detailed cost reports.

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Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)****as of June 30, 2024**

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
PERS-DBRP				
Total pension liability				
Service cost	\$ 133,685,127	\$ 116,475,831	\$ 142,664,846	\$ 129,099,681
Interest	662,135,792	647,039,932	618,424,612	604,750,489
Changes of benefit terms				
Differences between expected and actual experience	120,236,175	130,314,212	30,957,025	29,025,581
Changes of assumptions			(261,124,637)	265,843,313
Benefit payments	(566,500,813)	(544,698,781)	(512,042,746)	(476,443,132)
Refunds of Contributions	(15,223,858)	(14,699,642)	(15,343,596)	(12,712,759)
Net change in total pension liability	\$ 334,332,423	\$ 334,431,552	\$ 3,535,504	\$ 539,563,173
Total pension liability-beginning	9,361,215,642	9,026,784,090	9,023,248,586	8,483,685,413
Total pension liability-ending (a)	\$ 9,695,548,065	\$ 9,361,215,642	\$ 9,026,784,090	\$ 9,023,248,586
Plan fiduciary net position				
Contributions - employer	\$ 141,949,632	\$ 131,911,929	\$ 120,533,342	\$ 121,135,718
Contributions - non-employer	36,576,168	36,176,182	35,760,593	35,389,005
Contributions - member	125,723,337	119,169,165	110,597,557	111,246,724
Net investment income	612,004,075	549,305,530	(295,902,497)	1,593,110,118
Benefit payments	(566,500,813)	(544,698,781)	(512,042,746)	(476,443,132)
Administrative expense	(5,508,645)	(5,353,261)	(4,731,110)	(4,397,338)
Refunds of Contributions	(15,223,858)	(14,699,642)	(15,343,596)	(12,712,759)
Other		151,708	471	(2,775,478)
Net change in plan fiduciary net position	\$ 329,019,896	\$ 271,962,830	\$ (561,127,986)	\$ 1,364,552,858
Plan fiduciary net position - beginning ¹	6,920,765,768	6,648,802,938	7,209,930,924	5,845,393,159
Plan fiduciary net position - ending (b)	\$ 7,249,785,664	\$ 6,920,765,768	\$ 6,648,802,938	\$ 7,209,946,017
Net pension liability/(asset) - ending (a-b)	\$ 2,445,762,401	\$ 2,440,449,874	\$ 2,377,981,152	\$ 1,813,302,569

¹ 2017 - 2024 include restated Plan Fiduciary Net Positions due to adjustments and error corrections that are now accounted for in the correct years. These adjustments and error corrections are due to service purchases and recoveries. For more information see note A1 - Error correction.

SRS

Total pension liability				
Service cost	\$ 15,840,096	\$ 13,728,258	\$ 15,250,824	\$ 14,037,982
Interest	45,677,579	43,519,630	38,408,616	36,191,606
Changes of benefit terms				
Differences between expected and actual experience	14,849,840	16,670,907	17,344,637	7,498,812
Changes of assumptions			(4,397,121)	19,856,295
Benefit payments	(29,725,943)	(27,353,239)	(25,034,608)	(24,708,608)
Refunds of Contributions	(2,158,345)	(2,021,636)	(2,005,091)	(1,505,592)
Net change in total pension liability	\$ 44,483,227	\$ 44,543,920	\$ 39,567,257	\$ 51,370,495
Total pension liability-beginning	641,662,416	597,118,496	557,551,239	506,180,744
Total pension liability-ending (a)	\$ 686,145,643	\$ 641,662,416	\$ 597,118,496	\$ 557,551,239
Plan fiduciary net position				
Contributions - employer	\$ 14,743,483	\$ 13,482,512	\$ 12,703,407	\$ 11,896,985
Contributions - non-employer	26,800,000			
Contributions - member	12,288,572	11,186,922	10,700,220	9,684,410
Net investment income	47,181,806	38,824,040	(20,640,856)	105,980,311
Benefit payments	(29,725,943)	(27,353,239)	(25,034,608)	(24,708,608)
Administrative expense	(304,488)	(265,998)	(239,263)	(1,048,685)
Refunds of Contributions	(2,158,345)	(2,021,636)	(2,005,091)	(1,505,592)
Other		621,781		117,496
Net change in plan fiduciary net position	\$ 68,825,085	\$ 34,474,382	\$ (24,516,191)	\$ 100,416,317
Plan fiduciary net position - beginning ¹	494,669,035	460,194,653	484,710,844	384,294,754
Plan fiduciary net position - ending (b)	\$ 563,494,120	\$ 494,669,035	\$ 460,194,653	\$ 484,711,071
Net pension liability/(asset) - ending (a-b)	\$ 122,651,523	\$ 146,993,381	\$ 136,923,843	\$ 72,840,168

¹ 2022 - 2024 include restated Plan Fiduciary Net Positions due to adjustments and error corrections that are now accounted for in the correct years. These adjustments and error corrections are due to recoveries. For more information see note A1 - Error correction.

2020	2019	2018	2017	2016	2015
\$ 123,083,106	\$ 123,618,712	\$ 132,567,233	\$ 144,475,909	\$ 132,620,813	\$ 138,049,956
593,858,382	585,204,569	552,036,737	507,380,846	486,830,869	476,777,225
(39,377,503)	(147,536,263)	170,344,495	55,782,342	12,254,313	(11,276,266)
274,029,096			354,960,213		
(449,601,997)	(422,444,896)	(395,338,673)	(366,354,719)	(344,103,875)	(333,401,463)
(11,922,673)	(12,360,997)	(12,619,498)	(12,252,007)	(10,379,388)	
\$ 490,068,411	\$ 126,481,125	\$ 446,990,294	\$ 683,992,584	\$ 277,222,732	\$ 270,149,452
7,993,617,002	7,867,135,877	7,420,145,583	6,736,152,999	6,458,930,267	6,188,780,815
\$ 8,483,685,413	\$ 7,993,617,002	\$ 7,867,135,877	\$ 7,420,145,583	\$ 6,736,152,999	\$ 6,458,930,267
\$ 111,991,380	\$ 107,257,974	\$ 106,650,985	\$ 103,537,059	\$ 102,327,838	\$ 100,175,856
35,008,859	34,641,994	34,659,174	28,757,463	30,800,371	34,466,719
105,009,017	101,713,235	102,075,271	100,768,139	97,342,719	95,424,031
157,977,027	320,879,899	478,690,356	591,434,954	101,199,856	225,106,692
(449,601,997)	(422,444,896)	(395,338,673)	(366,354,719)	(344,103,875)	(333,401,463)
(4,059,627)	(3,806,945)	(4,168,771)	(4,472,084)	(3,858,330)	(3,483,531)
(11,922,673)	(12,360,997)	(12,619,498)	(12,252,007)	(10,379,388)	
(2,234,266)	(2,567,968)	(2,474,018)	(1,706,733)	(1,580,302)	
\$ (57,832,280)	\$ 123,312,296	\$ 307,474,826	\$ 439,712,072	\$ (28,251,111)	\$ 118,288,304
5,903,259,115	5,779,948,169	5,472,497,963	5,032,794,508	5,061,058,221	4,942,769,917
\$ 5,845,426,835	\$ 5,903,260,465	\$ 5,779,972,789	\$ 5,472,506,580	\$ 5,032,807,110	\$ 5,061,058,221
\$ 2,638,258,578	\$ 2,090,356,537	\$ 2,087,163,088	\$ 1,947,639,003	\$ 1,703,345,889	\$ 1,397,872,046
\$ 12,507,758	\$ 12,249,276	\$ 11,484,473	\$ 19,186,527	\$ 18,802,901	\$ 12,574,185
34,355,938	32,403,605	30,388,560	27,621,242	22,900,429	25,664,435
			(1,494,604)		
2,236,018	2,866,788	4,714,268	(170,781)	749,213	(194,994)
19,507,195			(94,881,687)	56,788,521	43,058,238
(21,481,264)	(19,512,312)	(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)
(1,565,536)	(1,438,814)	(1,490,014)	(1,383,061)	(1,028,890)	
\$ 45,560,109	\$ 26,568,543	\$ 27,044,743	\$ (67,822,481)	\$ 82,735,737	\$ 65,821,794
460,620,635	434,052,092	407,007,349	474,829,830	392,094,093	326,272,299
\$ 506,180,744	\$ 460,620,635	\$ 434,052,092	\$ 407,007,349	\$ 474,829,830	\$ 392,094,093
\$ 11,175,181	\$ 10,572,559	\$ 10,366,141	\$ 7,562,105	\$ 7,316,674	\$ 6,902,448
9,114,615	8,615,935	8,469,282	7,188,857	6,982,217	6,623,175
10,181,906	20,396,435	29,157,838	35,511,246	6,063,591	13,041,786
(21,481,264)	(19,512,312)	(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)
(294,988)	(246,523)	(432,091)	(387,378)	(322,584)	(247,405)
(1,565,536)	(1,438,814)	(1,490,014)	(1,383,061)	(1,028,890)	
(58,008)	(44,792)	(48,421)	(33,489)	(77,778)	
\$ 7,071,906	\$ 18,342,488	\$ 27,970,191	\$ 31,758,163	\$ 3,456,793	\$ 11,039,934
377,222,848	358,880,360	330,910,169	299,152,006	295,695,213	284,655,279
\$ 384,294,754	\$ 377,222,848	\$ 358,880,360	\$ 330,910,169	\$ 299,152,006	\$ 295,695,213
\$ 121,885,990	\$ 83,397,787	\$ 75,171,732	\$ 76,097,180	\$ 175,677,824	\$ 96,398,880

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)****as of June 30, 2024**

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
GWPORS				
Total pension liability				
Service cost	\$ 10,346,425	\$ 13,480,972	\$ 10,138,942	\$ 12,315,331
Interest	24,900,171	23,304,867	21,166,541	19,379,138
Changes of benefit terms				
Differences between expected and actual experience	7,953,401	11,463,147	(1,278,907)	4,926,763
Changes of assumptions		(99,900,321)	89,102,385	(68,688,250)
Benefit payments	(13,160,172)	(11,837,894)	(10,617,274)	(9,282,705)
Refunds of Contributions	(1,251,532)	(1,104,377)	(1,463,999)	(870,457)
Net change in total pension liability	\$ 28,788,293	\$ (64,593,606)	\$ 107,047,688	\$ (42,220,180)
Total pension liability / (asset) - beginning	348,304,075	412,897,681	305,849,993	348,070,173
Total pension liability / (asset) - ending (a)	\$ 377,092,368	\$ 348,304,075	\$ 412,897,681	\$ 305,849,993
Plan fiduciary net position				
Contributions - employer	\$ 7,053,311	\$ 5,278,875	\$ 4,940,955	\$ 5,411,275
Contributions - non-employer	41,200,000			
Contributions - member	7,250,356	6,475,715	6,074,793	6,392,898
Net investment income	29,471,644	21,970,757	(11,720,230)	59,127,888
Benefit payments	(13,160,172)	(11,837,894)	(10,617,274)	(9,282,705)
Administrative expense	(210,645)	(184,140)	(168,880)	(234,188)
Refunds of Contributions	(1,251,532)	(1,104,377)	(1,463,999)	(870,457)
Other		44,606		(62,854)
Net change in plan fiduciary net position	\$ 70,352,962	\$ 20,643,542	\$ (12,954,635)	\$ 60,481,857
Plan fiduciary net position - beginning ¹	281,080,422	260,436,880	273,391,515	212,909,658
Plan fiduciary net position - ending (b)	\$ 351,433,384	\$ 281,080,422	\$ 260,436,880	\$ 273,391,515
Net pension liability/(asset) - ending (a-b)	\$ 25,658,984	\$ 67,223,653	\$ 152,460,801	\$ 32,458,478

¹ 2019 - 2024 include restated Plan Fiduciary Net Positions due to adjustments and error corrections that are now accounted for in the correct years. These adjustments and error corrections are due to recoveries. For more information see note A1 - Error correction.

MPORS				
Total pension liability				
Service cost	\$ 18,786,510	\$ 15,772,131	\$ 15,919,004	\$ 14,219,088
Interest	58,234,871	56,668,432	51,744,471	49,760,988
Changes of benefit terms				
Differences between expected and actual experience	3,893,148	3,108,321	1,400,754	(1,960,505)
Changes of assumptions			(6,045,237)	27,835,016
Benefit payments	(35,658,350)	(33,966,660)	(31,856,925)	(29,790,973)
Refunds of Contributions	(4,264,319)	(2,748,037)	(2,299,882)	(5,797,580)
Net change in total pension liability	\$ 40,991,860	\$ 38,834,187	\$ 28,862,185	\$ 54,266,034
Total pension liability / (asset) - beginning	817,699,290	778,865,103	750,002,918	695,736,884
Total pension liability / (asset) - ending (a)	\$ 858,691,150	\$ 817,699,290	\$ 778,865,103	\$ 750,002,918
Plan fiduciary net position				
Contributions - employer	\$ 10,074,983	\$ 9,723,812	\$ 8,916,384	\$ 8,534,618
Contributions - non-employer	20,489,447	19,624,763	18,122,207	17,347,097
Contributions - member	6,305,876	6,101,188	5,579,938	5,453,705
Net investment income	52,493,319	44,606,303	(23,865,392)	121,593,538
Benefit payments	(35,658,350)	(33,966,660)	(31,856,925)	(29,790,973)
Administrative expense	(197,688)	(173,427)	(160,164)	(204,819)
Refunds of Contributions	(4,264,319)	(2,748,037)	(2,299,882)	(5,797,580)
Other		40,412		(71,006)
Net change in plan fiduciary net position	\$ 49,243,268	\$ 43,208,354	\$ (25,563,834)	\$ 117,064,580
Plan fiduciary net position - beginning ¹	585,857,692	542,649,338	568,213,172	451,150,482
Plan fiduciary net position - ending (b)	\$ 635,100,960	\$ 585,857,692	\$ 542,649,338	\$ 568,215,062
Net pension liability/(asset) - ending (a-b)	\$ 223,590,190	\$ 231,841,598	\$ 236,215,765	\$ 181,787,856

¹ 2022 - 2024 include restated Plan Fiduciary Net Positions due to adjustments and error corrections that are now accounted for in the correct years. These adjustments and error corrections are due to recoveries. For more information see note A1 - Error correction.

2020	2019	2018	2017	2016	2015
\$ 8,029,455	\$ 8,004,271	\$ 8,097,630	\$ 8,624,297	\$ 8,403,076	\$ 8,008,155
18,535,089	17,617,514	16,018,113	14,268,596	12,910,129	12,398,209
(2,026,639)	(4,728,366)	4,780,923	3,742,704	2,705,238	730,818
85,967,147			5,877,594		
(8,247,117)	(7,349,795)	(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)
(1,200,125)	(1,000,919)	(1,105,281)	(1,035,917)	(1,065,541)	
\$ 101,057,810	\$ 12,542,705	\$ 21,268,464	\$ 25,667,364	\$ 17,884,584	\$ 15,785,335
247,012,363	234,469,658	213,201,194	187,533,830	169,649,246	153,863,911
\$ 348,070,173	\$ 247,012,363	\$ 234,469,658	\$ 213,201,194	\$ 187,533,830	\$ 169,649,246
\$ 4,868,538	\$ 4,686,260	\$ 4,613,066	\$ 4,463,631	\$ 4,278,385	\$ 4,088,117
5,803,119	5,565,627	5,512,148	5,278,141	5,035,648	4,924,265
5,583,071	11,124,693	15,573,117	18,589,670	3,166,704	6,434,871
(8,247,117)	(7,349,795)	(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)
(240,254)	(202,040)	(369,184)	(328,699)	(269,496)	(200,745)
(1,200,125)	(1,000,919)	(1,105,281)	(1,035,917)	(1,065,541)	
(4,006)	611	(19,293)	(549)	(30,640)	
\$ 6,563,226	\$ 12,824,437	\$ 17,681,652	\$ 21,156,367	\$ 6,046,742	\$ 9,894,661
206,346,432	193,521,995	175,840,876	154,684,509	148,637,767	138,743,106
\$ 212,909,658	\$ 206,346,432	\$ 193,522,528	\$ 175,840,876	\$ 154,684,509	\$ 148,637,767
\$ 135,160,515	\$ 40,665,931	\$ 40,947,130	\$ 37,360,318	\$ 32,849,321	\$ 21,011,479
\$ 12,709,957	\$ 12,020,270	\$ 12,248,910	\$ 12,267,430	\$ 12,022,841	\$ 12,083,166
47,714,970	43,960,204	41,949,138	39,632,065	37,887,975	36,830,426
(1,029,413)	23,127,175	640,064	(5,057,920)	(3,546,948)	(2,014,310)
27,713,282			16,011,685		
(27,866,365)	(26,220,684)	(24,566,646)	(23,474,602)	(21,960,690)	(22,743,995)
(2,327,658)	(3,636,764)	(2,675,247)	(1,043,487)	(1,240,208)	
\$ 56,914,773	\$ 49,250,201	\$ 27,596,219	\$ 38,335,171	\$ 23,162,970	\$ 24,155,287
638,822,111	589,571,910	561,975,691	523,640,520	500,477,550	476,322,263
\$ 695,736,884	\$ 638,822,111	\$ 589,571,910	\$ 561,975,691	\$ 523,640,520	\$ 500,477,550
\$ 8,272,676	\$ 7,853,234	\$ 7,757,950	\$ 7,091,246	\$ 6,927,587	\$ 6,629,915
16,685,125	15,990,599	15,840,158	13,960,572	13,751,561	13,432,838
5,214,262	5,037,799	5,046,352	4,465,630	4,384,573	4,291,826
11,657,780	22,635,730	33,237,702	39,775,778	7,112,851	14,471,898
(27,866,365)	(26,220,684)	(24,566,646)	(23,474,602)	(21,960,690)	(22,743,995)
(240,967)	(189,981)	(350,328)	(339,344)	(273,951)	(212,017)
(2,327,658)	(3,636,764)	(2,675,247)	(1,043,487)	(1,240,208)	
(22,301)	(6,299)	(37,861)	(491)	(131,634)	
\$ 11,372,552	\$ 21,463,634	\$ 34,252,080	\$ 40,435,302	\$ 8,570,089	\$ 15,870,465
439,777,930	418,314,296	384,062,216	343,626,914	335,056,825	319,186,360
\$ 451,150,482	\$ 439,777,930	\$ 418,314,296	\$ 384,062,216	\$ 343,626,914	\$ 335,056,825
\$ 244,586,402	\$ 199,044,181	\$ 171,257,614	\$ 177,913,475	\$ 180,013,606	\$ 165,420,725

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)****as of June 30, 2024**

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
FURS				
Total pension liability				
Service cost	\$ 22,263,608	\$ 18,266,315	\$ 16,569,879	\$ 15,001,370
Interest	56,768,656	54,760,901	48,124,314	45,515,522
Changes of benefit terms				
Differences between expected and actual experience	5,192,392	5,949,425	7,640,949	4,272,499
Changes of assumptions			9,287,822	26,277,324
Benefit payments	(33,847,123)	(32,131,050)	(30,353,865)	(28,529,988)
Refunds of Contributions	(211,755)	(223,760)	(66,244)	(93,251)
Net change in total pension liability	\$ 50,165,778	\$ 46,621,831	\$ 51,202,855	\$ 62,443,476
Total pension liability / (asset) - beginning	794,682,254	748,060,423	696,857,568	634,414,092
Total pension liability / (asset) - ending (a)	\$ 844,848,032	\$ 794,682,254	\$ 748,060,423	\$ 696,857,568
Plan fiduciary net position				
Contributions - employer	\$ 10,391,947	\$ 9,431,940	\$ 8,590,809	\$ 8,051,622
Contributions - non-employer	23,576,364	21,406,468	19,436,204	18,274,536
Contributions - member	7,745,969	7,055,269	6,440,593	6,091,044
Net investment income	58,185,106	48,812,434	(25,986,717)	129,637,798
Benefit payments	(33,847,123)	(32,131,050)	(30,353,865)	(28,529,988)
Administrative expense	(160,607)	(142,815)	(130,922)	(180,813)
Refunds of Contributions	(211,755)	(223,760)	(66,244)	(93,251)
Other		285,099	(3,046)	93,985
Net change in plan fiduciary net position	\$ 65,679,901	\$ 54,493,585	\$ (22,073,188)	\$ 133,344,933
Plan fiduciary net position - beginning	643,702,271	589,208,686	611,281,874	477,936,941
Plan fiduciary net position - ending (b)	\$ 709,382,172	\$ 643,702,271	\$ 589,208,686	\$ 611,281,874
Net pension liability / (asset) - ending (a-b)	\$ 135,465,860	\$ 150,979,983	\$ 158,851,737	\$ 85,575,694
VFCA				
Total pension liability				
Service cost	\$ 817,392	\$ 740,838	\$ 129,066	\$ 153,567
Interest	3,694,711	3,758,541	3,488,300	3,483,301
Changes of benefit terms				
Differences between expected and actual experience	(1,465,051)	(1,484,412)	(4,317,470)	143,313
Changes of assumptions			5,154,975	1,285,591
Benefit payments	(3,170,627)	(3,126,387)	(3,109,995)	(3,115,695)
Refunds of Contributions				
Net change in total pension liability	\$ (123,575)	\$ (111,420)	\$ 1,344,876	\$ 1,950,077
Total pension liability / (asset) - beginning	52,197,798	52,309,218	50,964,342	49,014,265
Total pension liability / (asset) - ending (a)	\$ 52,074,223	\$ 52,197,798	\$ 52,309,218	\$ 50,964,342
Plan fiduciary net position				
Contributions - employer				
Contributions - non-employer	\$ 3,519,342	\$ 3,156,488	\$ 2,851,975	\$ 2,591,791
Contributions - member				
Net investment income	4,425,777	3,827,198	(1,965,536)	10,628,290
Benefit payments	(3,170,627)	(3,126,387)	(3,109,995)	(3,115,695)
Administrative expense	(394,255)	(335,940)	(331,750)	(357,814)
Refunds of Contributions				
Other				(13,350)
Net change in plan fiduciary net position	\$ 4,380,237	\$ 3,521,359	\$ (2,555,306)	\$ 9,733,222
Plan fiduciary net position - beginning ¹	50,603,992	47,082,633	49,637,939	39,904,866
Plan fiduciary net position - ending (b)	\$ 54,984,229	\$ 50,603,992	\$ 47,082,633	\$ 49,638,088
Net pension liability/(asset) - ending (a-b)	\$ (2,910,006)	\$ 1,593,806	\$ 5,226,585	\$ 1,326,254

¹ 2021 - 2024 include restated Plan Fiduciary Net Positions due to adjustments and error corrections that are now accounted for in the correct years. These adjustments and error corrections are due to recoveries. For more information see note A1 - Error correction.

2020	2019	2018	2017	2016	2015
\$ 13,086,953	\$ 12,421,310	\$ 11,819,193	\$ 12,162,734	\$ 11,519,465	\$ 11,066,391
43,027,646	41,022,969	37,983,963	35,230,726	33,514,243	32,580,262
3,445,064	(931,198)	14,798,655	893,628	(1,162,342)	(159,885)
25,851,699			16,915,553		
(26,838,506)	(25,626,191)	(23,863,193)	(22,335,636)	(20,896,200)	(19,747,008)
(61,799)	(89,824)	(173,278)	(168,422)	(46,128)	
\$ 58,511,057	\$ 26,797,066	\$ 40,565,340	\$ 42,698,583	\$ 22,929,038	\$ 23,739,760
575,903,035	549,105,969	508,540,629	465,842,046	442,913,008	419,173,248
\$ 634,414,092	\$ 575,903,035	\$ 549,105,969	\$ 508,540,629	\$ 465,842,046	\$ 442,913,008
\$ 7,887,237	\$ 7,323,532	\$ 7,053,165	\$ 6,499,776	\$ 6,163,464	\$ 6,100,252
17,807,526	16,566,861	16,127,433	14,438,412	13,969,719	13,572,990
5,938,345	5,527,363	5,314,833	4,925,425	4,751,806	4,710,082
12,246,535	23,722,343	34,284,721	40,838,569	7,311,946	14,640,156
(26,838,506)	(25,626,191)	(23,863,193)	(22,335,636)	(20,896,200)	(19,747,008)
(224,096)	(170,851)	(329,234)	(320,213)	(259,560)	(197,110)
(61,799)	(89,824)	(173,278)	(168,422)	(46,128)	
(7,444)	1,405	13,978	(485)	(2,424)	
\$ 16,747,798	\$ 27,254,638	\$ 38,428,425	\$ 43,877,426	\$ 10,992,623	\$ 19,079,362
461,189,143	433,934,505	395,506,080	351,628,654	340,636,031	321,556,669
\$ 477,936,941	\$ 461,189,143	\$ 433,934,505	\$ 395,506,080	\$ 351,628,654	\$ 340,636,031
\$ 156,477,151	\$ 114,713,892	\$ 115,171,464	\$ 113,034,549	\$ 114,213,392	\$ 102,276,977
\$ 125,315	\$ 112,527	\$ 92,294	\$ 267,843	\$ 282,498	\$ 221,969
3,460,874	3,434,677	3,461,285	3,336,579	3,355,483	2,851,618
375,549	(173,854)	(930,963)	(791,792)	(1,141,179)	(618,854)
1,344,856			2,281,533		
(3,065,017)	(2,996,808)	(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)
\$ 2,241,577	\$ 376,542	\$ (321,430)	\$ 2,235,720	\$ (126,209)	\$ 6,248,625
46,772,688	46,396,146	46,717,576	44,481,856	44,608,065	38,359,440
\$ 49,014,265	\$ 46,772,688	\$ 46,396,146	\$ 46,717,576	\$ 44,481,856	\$ 44,608,065
\$ 2,486,772	\$ 2,370,454	\$ 2,212,113	\$ 2,064,561	\$ 2,036,297	\$ 1,913,482
1,045,894	2,070,508	3,126,746	3,836,835	622,331	1,479,954
(3,065,017)	(2,996,808)	(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)
(414,114)	(296,866)	(293,142)	(288,897)	(241,726)	(180,466)
(11,337)	(10,875)	(2,478)	(6,897)	(14,436)	
\$ 42,198	\$ 1,136,413	\$ 2,099,193	\$ 2,747,159	\$ (220,545)	\$ 833,617
39,866,038	38,729,625	36,630,432	33,883,273	34,103,818	33,270,201
\$ 39,908,236	\$ 39,866,038	\$ 38,729,625	\$ 36,630,432	\$ 33,883,273	\$ 34,103,818
\$ 9,106,029	\$ 6,906,650	\$ 7,666,521	\$ 10,087,144	\$ 10,598,583	\$ 10,504,247

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Changes in Single-Employer Plans Net Pension Liability / (Asset)****as of June 30, 2024**

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
JRS				
Total pension liability				
Service Cost	\$ 2,063,216	\$ 1,908,017	\$ 2,021,754	\$ 1,896,963
Interest	5,173,832	5,301,061	5,099,382	4,948,543
Changes of benefit terms				
Differences between expected and actual experience	386,911	(2,569,357)	(2,781,784)	376,265
Changes of assumptions			(1,467,198)	1,869,369
Benefit payments	(4,521,948)	(4,427,197)	(4,356,996)	(4,204,547)
Net change in total pension liability	\$ 3,102,011	\$ 212,524	\$ (1,484,842)	\$ 4,886,593
Total pension liability / (asset) - beginning	73,135,389	72,922,865	74,407,707	69,521,114
Total pension liability / (asset) - ending (a)	\$ 76,237,400	\$ 73,135,389	\$ 72,922,865	\$ 74,407,707
Plan fiduciary net position				
Contributions - employer	\$ 17	\$ 296	\$ 79,282	\$ 2,139,151
Contributions - non-employer				
Contributions - member	630,095	647,761	629,033	589,463
Net investment income	11,642,452	10,331,304	(5,547,031)	29,149,599
Benefit payments	(4,521,948)	(4,427,197)	(4,356,996)	(4,204,547)
Administrative expense	(54,604)	(53,314)	(55,643)	(126,331)
Other		(39)		(3,374)
Net change in plan fiduciary net position	\$ 7,696,012	\$ 6,498,811	\$ (9,251,355)	\$ 27,543,961
Plan fiduciary net position - beginning	130,857,089	124,358,278	133,909,633	106,065,672
Plan fiduciary net position - ending (b)	\$ 138,553,101	\$ 130,857,089	\$ 124,358,278	\$ 133,609,633
Net pension liability / (asset) - ending (a-b)	\$ (62,315,701)	\$ (57,721,700)	\$ (51,435,413)	\$ (59,201,926)
HPORS				
Total pension liability				
Service Cost	\$ 4,286,913	\$ 4,354,555	\$ 4,089,414	\$ 7,578,028
Interest	20,025,599	19,702,342	18,597,426	16,742,334
Changes of benefit terms				
Differences between expected and actual experience	2,558,225	1,537,638	(2,487,197)	1,912,795
Changes of assumptions			(2,749,503)	(125,247,098)
Benefit payments	(15,438,207)	(14,652,557)	(13,742,508)	(13,710,171)
Refund of Contributions	(2,784,877)	(747,967)	(1,515,412)	(2,026,383)
Net change in total pension liability	\$ 8,647,653	\$ 10,194,011	\$ 2,192,220	\$ (114,750,495)
Total pension liability / (asset) - beginning	283,434,819	273,240,808	271,048,588	385,799,083
Total pension liability / (asset) - ending (a)	\$ 292,082,472	\$ 283,434,819	\$ 273,240,808	\$ 271,048,588
Plan fiduciary net position				
Contributions - employer	\$ 6,790,771	\$ 6,908,350	\$ 6,639,274	\$ 6,423,043
Contributions - non-employer	28,313,490	2,205,826	4,213,133	224,258
Contributions - member	2,408,430	2,376,571	2,284,710	2,206,028
Net investment income	19,083,055	14,637,213	(7,840,616)	41,276,714
Benefit payments	(15,438,207)	(14,652,557)	(13,742,508)	(13,710,171)
Administrative expense	(85,372)	(79,030)	(77,306)	(342,178)
Refund of Contributions	(2,784,877)	(747,967)	(1,515,412)	(2,026,383)
Other				(39,963)
Net change in plan fiduciary net position	\$ 38,287,290	\$ 10,648,406	\$ (10,038,725)	\$ 34,011,348
Plan fiduciary net position - beginning	186,588,738	175,940,332	185,979,057	151,967,709
Plan fiduciary net position - ending (b)	\$ 224,876,028	\$ 186,588,738	\$ 175,940,332	\$ 185,979,057
Net pension liability / (asset) - ending (a-b)	\$ 67,206,444	\$ 96,846,081	\$ 97,300,476	\$ 85,069,531

2020	2019	2018	2017	2016	2015
\$ 1,748,288	\$ 1,771,629	\$ 1,664,039	\$ 1,628,290	\$ 1,578,705	\$ 1,652,926
4,842,414	4,457,587	4,502,928	4,043,662	3,986,420	3,933,947
(261,841)	2,743,465	(2,900,423)	862,189	(1,341,333)	(1,032,091)
1,911,905			3,864,700		
(4,038,362)	(3,846,157)	(3,872,322)	(3,554,335)	(3,416,023)	(3,040,988)
\$ 4,202,404	\$ 5,126,524	\$ (605,778)	\$ 6,844,506	\$ 807,769	\$ 1,513,794
65,318,710	60,192,186	60,797,964	53,953,458	53,145,689	51,631,895
\$ 69,521,114	\$ 65,318,710	\$ 60,192,186	\$ 60,797,964	\$ 53,953,458	\$ 53,145,689
\$ 1,988,166	\$ (281)	\$ 1,084,880	\$ 1,800,105	\$ 1,807,493	\$ 1,683,990
560,108	516,777	575,050	488,208	729,180	534,091
2,827,148	5,687,228	8,467,204	10,368,402	1,778,748	3,842,387
(4,038,362)	(3,846,157)	(3,872,322)	(3,554,335)	(3,416,023)	(3,040,988)
(157,040)	(122,618)	(264,496)	(253,789)	(197,445)	(135,815)
15		6,737	(674)	(2,742)	
\$ 1,180,035	\$ 2,234,949	\$ 5,997,053	\$ 8,847,917	\$ 699,211	\$ 2,883,665
104,885,637	102,650,688	96,653,635	87,805,718	87,106,507	84,222,842
\$ 106,065,672	\$ 104,885,637	\$ 102,650,688	\$ 96,653,635	\$ 87,805,718	\$ 87,106,507
\$ (36,544,558)	\$ (39,566,927)	\$ (42,458,502)	\$ (35,855,671)	\$ (33,852,260)	\$ (33,960,818)
\$ 3,336,846	\$ 3,453,066	\$ 3,643,015	\$ 3,664,857	\$ 3,798,553	\$ 3,598,464
17,688,311	16,926,240	16,293,615	15,121,088	14,545,022	14,112,116
(993,030)	2,412,675	589,270	2,773,680	18,339	1,855,618
141,054,951			7,892,479		267,336
(12,684,315)	(12,062,607)	(11,545,732)	(11,036,794)	(10,482,414)	(10,000,856)
(331,169)	(582,438)	(321,840)	(244,597)	(93,811)	
\$ 148,071,594	\$ 10,146,936	\$ 8,658,328	\$ 18,170,713	\$ 7,785,689	\$ 9,832,678
237,727,489	227,580,553	218,922,225	200,751,512	192,965,823	183,133,145
\$ 385,799,083	\$ 237,727,489	\$ 227,580,553	\$ 218,922,225	\$ 200,751,512	\$ 192,965,823
\$ 6,002,897	\$ 5,844,909	\$ 5,858,493	\$ 5,782,258	\$ 5,915,644	\$ 5,839,336
226,239	233,139	250,150	262,884	242,749	
2,169,955	2,002,319	2,386,526	1,949,795	1,917,487	1,624,327
4,100,741	8,268,830	12,282,824	15,098,813	2,605,256	5,738,373
(12,684,315)	(12,062,607)	(11,545,732)	(11,036,794)	(10,482,414)	(10,000,856)
(163,315)	(127,400)	(256,309)	(248,124)	(197,034)	(144,253)
(331,169)	(582,438)	(321,840)	(244,597)	(93,811)	
(130,951)	2,007	8,067	(466)	(2,276)	
\$ (809,918)	\$ 3,578,759	\$ 8,662,179	\$ 11,563,769	\$ (94,399)	\$ 3,056,927
152,777,627	149,198,868	140,536,689	128,972,920	129,067,319	126,010,392
\$ 151,967,709	\$ 152,777,627	\$ 149,198,868	\$ 140,536,689	\$ 128,972,920	\$ 129,067,319
\$ 233,831,374	\$ 84,949,862	\$ 78,381,685	\$ 78,385,536	\$ 71,778,592	\$ 63,898,504

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans
as of June 30, 2024
 Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
PERS-DBRP				
Total Pension Liability	\$ 9,695,548,065	\$ 9,361,215,642	\$ 9,026,784,090	\$ 9,023,248,586
Plan Fiduciary Net Position	7,249,785,664	6,920,861,726	6,648,898,896	7,210,026,882
Multiple-Employers' Net Pension Liability / (Asset)	\$ 2,445,762,401	\$ 2,440,353,916	\$ 2,377,885,194	\$ 1,813,221,704
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%
Covered Payroll	\$ 1,552,623,897	\$ 1,453,317,132	\$ 1,349,882,543	\$ 1,361,589,739
Net pension liability / (asset) as a percentage of covered payroll ¹	157.52%	167.92%	176.15%	133.17%
SRS				
Total Pension Liability	\$ 686,145,643	\$ 641,662,416	\$ 597,118,496	\$ 557,551,239
Plan Fiduciary Net Position	563,494,120	494,669,262	460,194,880	484,711,071
Multiple-Employers' Net Pension Liability / (Asset)	\$ 122,651,523	\$ 146,993,154	\$ 136,923,616	\$ 72,840,168
Plan fiduciary net position as a percentage of the total pension liability	82.12%	77.09%	77.07%	86.94%
Covered Payroll	\$ 110,949,549	\$ 102,449,725	\$ 96,370,364	\$ 90,869,369
Net pension liability / (asset) as a percentage of covered payroll	110.55%	143.48%	142.08%	80.16%
GWPORS				
Total Pension Liability	\$ 377,092,368	\$ 348,304,075	\$ 412,897,681	\$ 305,849,993
Plan Fiduciary Net Position	351,433,384	281,080,955	260,437,413	273,392,048
Multiple-Employers' Net Pension Liability / (Asset)	\$ 25,658,984	\$ 67,223,120	\$ 152,460,268	\$ 32,457,945
Plan fiduciary net position as a percentage of the total pension liability	93.20%	80.70%	63.08%	89.39%
Covered Payroll	\$ 66,456,451	\$ 58,393,246	\$ 54,286,855	\$ 60,022,906
Net pension liability / (asset) as a percentage of covered payroll	38.61%	115.12%	280.84%	54.08%

2020	2019	2018	2017	2016	2015
\$ 8,483,685,413	\$ 7,993,617,002	\$ 7,867,135,877	\$ 7,420,145,583	\$ 6,736,152,999	\$ 6,458,930,267
<u>5,845,474,024</u>	<u>5,903,306,304</u>	<u>5,779,994,008</u>	<u>5,472,519,182</u>	<u>5,032,807,110</u>	<u>5,061,058,221</u>
<u>\$ 2,638,211,389</u>	<u>\$ 2,090,310,698</u>	<u>\$ 2,087,141,869</u>	<u>\$ 1,947,626,401</u>	<u>\$ 1,703,345,889</u>	<u>\$ 1,397,872,046</u>
68.90%	73.85%	73.47%	73.75%	74.71%	78.36%
\$ 1,280,557,497	\$ 1,247,343,733	\$ 1,230,105,350	\$ 1,232,066,537	\$ 1,185,646,179	\$ 1,154,866,605
206.02%	167.58%	169.67%	158.08%	143.66%	121.04%
\$ 506,180,744	\$ 460,620,635	\$ 434,052,092	\$ 407,007,349	\$ 474,829,830	\$ 392,094,093
<u>384,294,754</u>	<u>377,222,848</u>	<u>358,880,360</u>	<u>330,910,169</u>	<u>299,152,006</u>	<u>295,695,213</u>
<u>\$ 121,885,990</u>	<u>\$ 83,397,787</u>	<u>\$ 75,171,732</u>	<u>\$ 76,097,180</u>	<u>\$ 175,677,824</u>	<u>\$ 96,398,880</u>
75.92%	81.89%	82.68%	81.30%	63.00%	75.41%
\$ 84,942,848	\$ 80,461,048	\$ 77,587,294	\$ 74,581,258	\$ 70,593,304	\$ 68,045,517
143.49%	103.65%	96.89%	102.03%	248.86%	141.67%
\$ 348,070,173	\$ 247,012,363	\$ 234,469,658	\$ 213,201,194	\$ 187,533,830	\$ 169,649,246
<u>212,910,191</u>	<u>206,346,965</u>	<u>193,522,528</u>	<u>175,840,876</u>	<u>154,684,509</u>	<u>148,637,767</u>
<u>\$ 135,159,982</u>	<u>\$ 40,665,398</u>	<u>\$ 40,947,130</u>	<u>\$ 37,360,318</u>	<u>\$ 32,849,321</u>	<u>\$ 21,011,479</u>
61.17%	83.54%	82.54%	82.48%	82.48%	87.61%
\$ 53,825,163	\$ 51,676,963	\$ 50,823,150	\$ 49,381,004	\$ 47,108,310	\$ 44,884,739
251.11%	78.69%	80.57%	75.66%	69.73%	46.81%

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans
as of June 30, 2024
 Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
MPORS				
Total Pension Liability	\$ 858,691,150	\$ 817,699,290	\$ 778,865,103	\$ 750,002,918
Plan Fiduciary Net Position	635,100,960	585,859,582	542,651,228	568,215,062
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 223,590,190</u>	<u>\$ 231,839,708</u>	<u>\$ 236,213,875</u>	<u>\$ 181,787,856</u>
Plan fiduciary net position as a percentage of the total pension liability	73.96%	71.65%	69.67%	75.76%
Covered Payroll	\$ 69,714,342	\$ 66,806,214	\$ 61,329,209	\$ 59,216,593
Net pension liability / (asset) as a percentage of covered payroll	320.72%	347.03%	385.16%	306.99%
FURS				
Total Pension Liability	\$ 844,848,032	\$ 794,682,254	\$ 748,060,423	\$ 696,857,568
Plan Fiduciary Net Position	709,382,172	643,702,271	589,208,686	611,281,874
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 135,465,860</u>	<u>\$ 150,979,983</u>	<u>\$ 158,851,737</u>	<u>\$ 85,575,694</u>
Plan fiduciary net position as a percentage of the total pension liability	83.97%	81.00%	78.76%	87.72%
Covered Payroll	\$ 71,767,525	\$ 65,574,963	\$ 59,394,409	\$ 56,281,681
Net pension liability / (asset) as a percentage of covered payroll	188.76%	230.24%	267.45%	152.05%
VFCA				
Total Pension Liability	\$ 52,074,223	\$ 52,197,798	\$ 52,309,218	\$ 50,964,342
Plan Fiduciary Net Position	54,984,229	50,607,511	47,086,152	49,641,458
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ (2,910,006)</u>	<u>\$ 1,590,287</u>	<u>\$ 5,223,066</u>	<u>\$ 1,322,884</u>
Plan fiduciary net position as a percentage of the total pension liability	105.59%	96.95%	90.02%	97.40%
Covered Payroll	N/A	N/A	N/A	N/A
Net pension liability / (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A

2020	2019	2018	2017	2016	2015
\$ 695,736,884	\$ 638,822,111	\$ 589,571,910	\$ 561,975,691	\$ 523,640,520	\$ 500,477,550
<u>451,150,482</u>	<u>439,777,930</u>	<u>418,314,296</u>	<u>384,062,216</u>	<u>343,626,914</u>	<u>335,056,825</u>
<u>\$ 244,586,402</u>	<u>\$ 199,044,181</u>	<u>\$ 171,257,614</u>	<u>\$ 177,913,475</u>	<u>\$ 180,013,606</u>	<u>\$ 165,420,725</u>
64.84%	68.84%	70.95%	68.34%	65.62%	66.95%
\$ 56,783,680	\$ 54,282,431	\$ 52,035,958	\$ 48,603,580	\$ 47,233,801	\$ 45,736,127
430.73%	366.68%	329.11%	366.05%	381.11%	361.69%
\$ 634,414,092	\$ 575,903,035	\$ 549,105,969	\$ 508,540,629	\$ 465,842,046	\$ 442,913,008
<u>477,936,941</u>	<u>461,189,143</u>	<u>433,934,505</u>	<u>395,506,080</u>	<u>351,628,654</u>	<u>340,636,031</u>
<u>\$ 156,477,151</u>	<u>\$ 114,713,892</u>	<u>\$ 115,171,464</u>	<u>\$ 113,034,549</u>	<u>\$ 114,213,392</u>	<u>\$ 102,276,977</u>
75.34%	80.08%	79.03%	77.77%	75.48%	76.91%
\$ 53,858,929	\$ 50,756,445	\$ 47,934,517	\$ 45,208,091	\$ 43,118,925	\$ 41,627,233
290.53%	226.01%	240.27%	250.03%	264.88%	245.70%
\$ 49,014,265	\$ 46,772,688	\$ 46,396,146	\$ 46,717,576	\$ 44,481,856	\$ 44,608,065
<u>39,908,236</u>	<u>39,866,038</u>	<u>38,729,625</u>	<u>36,630,432</u>	<u>33,883,273</u>	<u>34,103,818</u>
<u>\$ 9,106,029</u>	<u>\$ 6,906,650</u>	<u>\$ 7,666,521</u>	<u>\$ 10,087,144</u>	<u>\$ 10,598,583</u>	<u>\$ 10,504,247</u>
81.42%	85.23%	83.48%	78.41%	76.17%	76.45%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Net Pension Liability / (Asset) for Single-Employer Plans****as of June 30, 2024**

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
JRS				
Total Pension Liability	\$ 76,237,400	\$ 73,135,389	\$ 72,922,865	\$ 74,407,707
Plan Fiduciary Net Position	138,553,101	130,857,089	124,358,278	133,609,633
Single-Employers' Net Pension Liability / (Asset)	<u>\$ (62,315,701)</u>	<u>\$ (57,721,700)</u>	<u>\$ (51,435,413)</u>	<u>\$ (59,201,926)</u>
Plan fiduciary net position as a percentage of the total pension liability	181.74%	178.92%	170.53%	179.56%
Covered Payroll	\$ 9,001,334	\$ 8,561,115	\$ 8,408,166	\$ 8,281,631
Net pension liability / (asset) as a percentage of covered payroll	(692.29)%	(674.23)%	(611.73)%	(714.86)%
HPORS				
Total Pension Liability	\$ 292,082,472	\$ 283,434,819	\$ 273,240,808	\$ 271,048,588
Plan Fiduciary Net Position	224,876,028	186,588,738	175,940,332	185,979,057
Single-Employers' Net Pension Liability / (Asset)	<u>\$ 67,206,444</u>	<u>\$ 96,846,081</u>	<u>\$ 97,300,476</u>	<u>\$ 85,069,531</u>
Plan fiduciary net position as a percentage of the total pension liability	76.99%	65.83%	64.39%	68.61%
Covered Payroll	\$ 17,529,302	\$ 18,004,509	\$ 17,274,748	\$ 16,630,576
Net pension liability / (asset) as a percentage of covered payroll	383.39%	537.90%	563.25%	511.52%

2020	2019	2018	2017	2016	2015
\$ 69,521,114	\$ 65,318,710	\$ 60,192,186	\$ 60,797,964	\$ 53,953,458	\$ 53,145,689
<u>106,065,672</u>	<u>104,885,637</u>	<u>102,650,688</u>	<u>96,653,635</u>	<u>87,805,718</u>	<u>87,106,507</u>
<u>\$ (36,544,558)</u>	<u>\$ (39,566,927)</u>	<u>\$ (42,458,502)</u>	<u>\$ (35,855,671)</u>	<u>\$ (33,852,260)</u>	<u>\$ (33,960,818)</u>
152.57%	160.58%	170.54%	158.98%	162.74%	163.90%
\$ 8,001,462	\$ 7,382,476	\$ 7,290,904	\$ 6,974,470	\$ 6,920,367	\$ 6,524,569
(456.72)%	(535.96)%	(582.35)%	(514.10)%	(489.17)%	(520.51)%
\$ 385,799,083	\$ 237,727,489	\$ 227,580,553	\$ 218,922,225	\$ 200,751,512	\$ 192,965,823
<u>151,967,709</u>	<u>152,777,627</u>	<u>149,198,868</u>	<u>140,536,689</u>	<u>128,972,920</u>	<u>129,067,319</u>
<u>\$ 233,831,374</u>	<u>\$ 84,949,862</u>	<u>\$ 78,381,685</u>	<u>\$ 78,385,536</u>	<u>\$ 71,778,592</u>	<u>\$ 63,898,504</u>
39.39%	64.27%	65.56%	64.19%	64.25%	66.89%
\$ 15,607,832	\$ 15,177,612	\$ 15,251,339	\$ 14,778,975	\$ 15,275,964	\$ 14,549,378
1,498.17%	559.71%	513.93%	530.39%	469.88%	439.18%

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Employer and Non-Employer (State) Contributions
for Cost-Sharing Multiple-Employer Plans****as of June 30, 2024**

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
PERS-DBRP				
Actuarially Determined Contribution	\$ 178,526	\$ 171,317	\$ 156,294	\$ 164,931
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	141,950	131,912	120,533	121,136
Non-Employer Contributions (State)	36,576	36,176	35,761	35,389
Total Contributions	\$ 178,526	\$ 168,088	\$ 156,294	\$ 156,525
Contribution Deficiency / (Excess)	\$ 0	\$ 3,229	\$ 0	\$ 8,406
Covered Payroll	\$ 1,552,624	\$ 1,453,317	\$ 1,349,883	\$ 1,361,590
Contributions as a Percentage of Covered Payroll	11.50%	11.57%	11.58%	11.50%
SRS				
Actuarially Determined Contribution	\$ 14,743	\$ 13,760	\$ 12,703	\$ 11,897
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	14,743	13,482	12,703	11,897
Non-Employer Contributions (State)	26,800			
Total Contributions	\$ 41,543	\$ 13,482	\$ 12,703	\$ 11,897
Contribution Deficiency / (Excess)	\$ (26,800)	\$ 278	\$ 0	\$ 0
Covered Payroll	\$ 110,950	\$ 102,450	\$ 96,370	\$ 90,869
Contributions as a Percentage of Covered Payroll	37.44%	13.16%	13.18%	13.09%

2020	2019	2018	2017	2016	2015
\$ 156,152	\$ 152,663	\$ 141,310	\$ 132,295	\$ 133,128	\$ 131,424
111,991	107,258	106,651	103,537	102,328	100,176
35,009	34,642	34,659	28,758	30,800	34,467
<u>\$ 147,000</u>	<u>\$ 141,900</u>	<u>\$ 141,310</u>	<u>\$ 132,295</u>	<u>\$ 133,128</u>	<u>\$ 134,643</u>
<u>\$ 9,152</u>	<u>\$ 10,763</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,219)</u>
\$ 1,280,557	\$ 1,247,344	\$ 1,230,105	\$ 1,232,067	\$ 1,185,646	\$ 1,154,867
11.48%	11.38%	11.49%	10.74%	11.23%	11.66%
\$ 11,175	\$ 10,573	\$ 10,366	\$ 10,095	\$ 8,640	\$ 9,737
11,175	10,573	10,366	7,562	7,317	6,902
<u>\$ 11,175</u>	<u>\$ 10,573</u>	<u>\$ 10,366</u>	<u>\$ 7,562</u>	<u>\$ 7,317</u>	<u>\$ 6,902</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,533</u>	<u>\$ 1,323</u>	<u>\$ 2,835</u>
\$ 84,943	\$ 80,461	\$ 77,587	\$ 74,581	\$ 70,593	\$ 68,046
13.16%	13.14%	13.36%	10.14%	10.36%	10.14%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans

as of June 30, 2024

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
GWPORS				
Actuarially Determined Contribution	\$ 9,117	\$ 8,006	\$ 5,100	\$ 5,754
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	7,053	5,279	4,941	5,411
Non-Employer Contributions (State)	41,200			
Total Contributions	\$ 48,253	\$ 5,279	\$ 4,941	\$ 5,411
Contribution Deficiency / (Excess)	\$ (39,136)	\$ 2,727	\$ 159	\$ 343
Covered Payroll	\$ 66,456	\$ 58,393	\$ 54,287	\$ 60,023
Contributions as a Percentage of Covered Payroll	72.61%	9.04%	9.10%	9.02%
MPORS				
Actuarially Determined Contribution	\$ 30,564	\$ 29,349	\$ 27,039	\$ 25,882
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	10,075	9,724	8,917	8,535
Non-Employer Contributions (State)	20,489	19,625	18,122	17,347
Total Contributions	\$ 30,564	\$ 29,349	\$ 27,039	\$ 25,882
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 69,714	\$ 66,806	\$ 61,329	\$ 59,217
Contributions as a Percentage of Covered Payroll	43.84%	43.93%	44.09%	43.71%

2020	2019	2018	2017	2016	2015
\$ 5,350	\$ 5,285	\$ 5,213	\$ 5,495	\$ 4,707	\$ 5,256
4,869	4,686	4,613	4,464	4,278	4,088
<u>\$ 4,869</u>	<u>\$ 4,686</u>	<u>\$ 4,613</u>	<u>\$ 4,464</u>	<u>\$ 4,278</u>	<u>\$ 4,088</u>
<u>\$ 481</u>	<u>\$ 599</u>	<u>\$ 600</u>	<u>\$ 1,031</u>	<u>\$ 429</u>	<u>\$ 1,168</u>
\$ 53,825	\$ 51,677	\$ 50,823	\$ 49,381	\$ 47,108	\$ 44,885
9.05%	9.07%	9.08%	9.04%	9.08%	9.11%
\$ 24,958	\$ 23,844	\$ 23,598	\$ 21,052	\$ 20,679	\$ 17,229
8,273	7,853	7,758	7,091	6,928	6,630
16,685	15,991	15,840	13,961	13,751	13,433
<u>\$ 24,958</u>	<u>\$ 23,844</u>	<u>\$ 23,598</u>	<u>\$ 21,052</u>	<u>\$ 20,679</u>	<u>\$ 20,063</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,834)</u>
\$ 56,784	\$ 54,282	\$ 52,036	\$ 48,604	\$ 47,234	\$ 45,736
43.95%	43.93%	45.35%	43.31%	43.78%	43.87%

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Employer and Non-Employer (State) Contributions
for Cost-Sharing Multiple-Employer Plans****as of June 30, 2024**

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
FURS				
Actuarially Determined Contribution	\$ 33,968	\$ 30,838	\$ 28,027	\$ 26,326
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	10,392	9,432	8,591	8,052
Non-Employer Contributions (State)	23,576	21,406	19,436	18,274
Total Contributions	\$ 33,968	\$ 30,838	\$ 28,027	\$ 26,326
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 71,768	\$ 65,575	\$ 59,394	\$ 56,282
Contributions as a Percentage of Covered Payroll	47.33%	47.03%	47.19%	46.78%
VFCA				
Actuarially Determined Contribution	\$ 3,519	\$ 3,156	\$ 2,852	\$ 2,592
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	3,519	3,156	2,852	2,592
Non-Employer Contributions (State)	3,519	3,156	2,852	2,592
Total Contributions	\$ 3,519	\$ 3,156	\$ 2,852	\$ 2,592
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

2020	2019	2018	2017	2016	2015
\$ 25,695	\$ 23,890	\$ 23,181	\$ 20,938	\$ 20,133	\$ 13,279
7,887	7,323	7,053	6,500	6,163	6,100
17,808	16,567	16,128	14,438	13,970	13,573
<u>\$ 25,695</u>	<u>\$ 23,890</u>	<u>\$ 23,181</u>	<u>\$ 20,938</u>	<u>\$ 20,133</u>	<u>\$ 19,673</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,394)</u>
\$ 53,859	\$ 50,756	\$ 47,935	\$ 45,208	\$ 43,119	\$ 41,627
47.71%	47.07%	48.36%	46.32%	46.69%	47.26%
\$ 2,487	\$ 2,370	\$ 2,212	\$ 2,065	\$ 2,037	\$ 890
2,487	2,370	2,212	2,065	2,036	1,913
<u>\$ 2,487</u>	<u>\$ 2,370</u>	<u>\$ 2,212</u>	<u>\$ 2,065</u>	<u>\$ 2,036</u>	<u>\$ 1,913</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ (1,023)</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Employer Contributions****for Single-Employer Plans****as of June 30, 2024**

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2024	2023	2022	2021
JRS				
Actuarially Determined Contribution				
Actual Contributions in Relation to the Actuarially Determined Contribution:				
Employer Contributions	\$ 0	\$ 0	\$ 79	\$ 2,139
Total Contributions	\$ 0	\$ 0	\$ 79	\$ 2,139
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ (79)	\$ (2,139)
Covered Payroll	\$ 9,001	\$ 8,561	\$ 8,408	\$ 8,282
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.94%	25.83%
HPORS				
Actuarially Determined Contribution	\$ 7,703	\$ 10,070	\$ 10,852	\$ 7,273
Actual Contributions in Relation to the Actuarially Determined Contribution:				
Employer Contributions	7,504	9,114	10,852	6,647
Non-employer Contributions (State)	27,600			
Total Contributions	\$ 35,104	\$ 9,114	\$ 10,852	\$ 6,647
Contribution Deficiency / (Excess)	\$ (27,401)	\$ 956	\$ 0	\$ 626
Covered Payroll	\$ 17,529	\$ 18,005	\$ 17,275	\$ 16,631
Contributions as a Percentage of Covered Payroll	200.26%	50.62%	62.82%	39.97%

2020	2019	2018	2017	2016	2015
\$ 1,988	\$ 0	\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684
\$ 1,988	\$ 0	\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684
\$ (1,988)	\$ 0	\$ (1,085)	\$ (1,800)	\$ (1,807)	\$ (1,684)
\$ 8,001	\$ 7,382	\$ 7,291	\$ 6,974	\$ 6,920	\$ 6,525
24.85%	0.00%	14.88%	25.81%	26.11%	25.81%
\$ 6,934	\$ 6,668	\$ 6,530	\$ 6,045	\$ 6,158	\$ 5,706
6,229	6,078	6,109	6,045	6,158	5,839
\$ 6,229	\$ 6,078	\$ 6,109	\$ 6,045	\$ 6,158	\$ 5,839
\$ 705	\$ 590	\$ 421	\$ 0	\$ 0	\$ (133)
\$ 15,608	\$ 15,178	\$ 15,251	\$ 14,779	\$ 15,276	\$ 14,549
39.91%	40.05%	40.05%	40.90%	40.31%	40.13%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

The information presented in the **GASB Statement No. 67** required supplementary schedules was determined as part of the actuarial valuations for accounting purposes at the dates indicated. Certain prior year amounts were reclassified to conform to current years' presentation.

Valuation date: June 30, 2023

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC) for fiscal year end 2024:

Timing	ADC are determined on the valuation date payable in the fiscal year beginning one year after the valuation date
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage Inflation	3.50%
Inflation	2.75%
Salary increases	3.50 to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expense, including inflation
Mortality (Active Participants) - General	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees) - General	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (Healthy Retiree) - General	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.
Mortality (Contingent Survivor) - General	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Active) - Safety	PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retiree) - Safety	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
Mortality (Disabled Retiree) - Safety	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality projected to 2021, set forward one year for males.
Mortality (Contingent Survivor) - Safety	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information

Changes of assumptions: The following changes have been made to the actuarial assumptions and methods for GASB Statement No. 67:

2015

1. PERS-DBRP assumptions related to the Guaranteed Annual Benefit Adjustment (GABA) for members hired on or after July 1, 2013 were added.
2. HPORS DROP accounts are assumed to earn the actuarial rate of return.
3. An additional 15% of HPORS active members are assumed to elect DROP for each of the first six years following DROP eligibility. These members are assumed to elect to participate in the DROP for five years or until age 60 is earlier.

2017

1. The discount rate was lowered from 7.75% to 7.65%.
2. The inflation rate was reduced from 3.00% to 2.75%.
3. The wage inflation rate was reduced from 4.00% to 3.50%.
4. The non-disabled mortality and withdrawal assumptions were updated.
5. The salary merit scale was updated.

2020

1. The discount rate was lowered from 7.65% to 7.34% for all systems except GWPORS and HPORS. The discount rate for GWPORS was lowered from 7.65% to 5.65% and HPORS discount rate was lowered from 7.65% to 4.43%.
2. The investment rate of return was lowered from 7.65% to 7.34%.
3. The inflation rate was reduced from 2.75% to 2.40%.

2021

1. The discount rate was lowered from 7.34% to 7.06% for all systems except GWPORS and HPORS. The discount rate for GWPORS was increased from 5.65% to 7.06% and HPORS' discount rate was increased from 4.43% to 7.06%.
2. The investment rate of return was lowered from 7.34% to 7.06%.

2022

1. The discount rate was raised from 7.06% to 7.30% for all systems except GWPORS. The discount rate for GWPORS was lowered from 7.06% to 5.55%.
2. The investment rate of return was raised from 7.06% to 7.30%.
3. The payroll growth rate was reduced from 3.50% to 3.25%.
4. All mortality tables were updated to the PUB 2010 tables for general employees and public safety employees.
5. Updated the rates of withdrawal, retirement, disability and merit increase scales.
6. The inflation rate was increased from 2.40% to 2.75%.

2023

1. The discount rate for GWPORS was increased from 5.55% to 7.30%.

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Investment Returns for Multiple-Employer Plans***as of June 30, 2024*

Last 10 Fiscal Years

	Year Ended June 30	PERS-DBRP	SRS	GWPORS
Annual money-weighted rate of return, net investment expense				
	2024	8.98 %	9.07 %	9.15 %
	2023	8.42 %	8.46 %	8.47 %
	2022	(4.17)%	(4.27)%	(4.30)%
	2021	27.72 %	27.71 %	27.70 %
	2020	2.71 %	2.70 %	2.69 %
	2019	5.64 %	5.70 %	5.73 %
	2018	8.88 %	8.83 %	8.82 %
	2017	11.94 %	11.96 %	11.97 %
	2016	2.04 %	2.05 %	2.09 %
	2015	4.60 %	4.59 %	4.59 %

	Year Ended June 30	MPORS	FURS	VFCA
Annual money-weighted rate of return, net investment expense				
	2024	9.18 %	9.20 %	8.99 %
	2023	8.43 %	8.45 %	8.37 %
	2022	(4.29)%	(4.32)%	(4.09)%
	2021	27.81 %	27.79 %	27.78 %
	2020	2.72 %	2.71 %	2.73 %
	2019	5.56 %	5.59 %	5.59 %
	2018	8.86 %	8.85 %	8.97 %
	2017	11.92 %	11.93 %	11.89 %
	2016	2.18 %	2.19 %	1.85 %
	2015	4.66 %	4.66 %	4.63 %

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Investment Returns for Single-Employer Plans
as of June 30, 2024
Last 10 Fiscal Years

	Year Ended June 30	JRS	HPORS
Annual money-weighted rate of return, net investment expense			
	2024	9.00 %	9.08 %
	2023	8.44 %	8.37 %
	2022	(4.21)%	(4.21)%
	2021	27.73 %	27.73 %
	2020	2.72 %	2.73 %
	2019	5.65 %	5.64 %
	2018	8.87 %	8.89 %
	2017	11.96 %	11.92 %
	2016	2.03 %	2.02 %
	2015	4.60 %	4.61 %

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten Fiscal Years¹**

Fiscal Year	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 4,201	\$ 23,058	\$ 35,000	\$ 6,461	\$ 4,763	\$ 6,271	\$ 27,891
Interest	5,267	14,804	12,271	3,503	2,892	6,096	29,728
Changes of benefit terms							
Difference between expected and actual experience		(182,312)		64,160	22,201		(69,725)
Changes of assumptions or other inputs	(8,702)	(148,566)	(139,054)	317,547	(5,706)	8,460	(4,363)
Benefit payments	1,822	(7,835)	9,102	(3,636)	(1,826)	(5,220)	25,170
Net change in total OPEB liability	\$ 2,588	\$ (300,851)	\$ (82,681)	\$ 388,035	\$ 22,324	\$ 15,607	\$ 8,701
Total OPEB liability - Beginning	127,229	428,080	510,761	122,726	100,402	84,795	76,094
Total OPEB liability - Ending	\$ 129,817	\$ 127,229	\$ 428,080	\$ 510,761	\$ 122,726	\$ 100,402	\$ 84,795
Proportionate Share of Total OPEB Liability	0.41045%	0.41045%	0.36426%	0.34625%	0.25924%	0.18026%	0.16805%
Covered employee payroll	\$ 4,902,551	\$ 4,480,616	\$ 4,048,080	\$ 4,283,180	\$ 4,151,855	\$ 3,909,710	\$ 3,703,606
Total OPEB liability as a percentage of covered employee payroll	2.65%	2.84%	10.57%	11.92%	2.96%	2.57%	2.29%

¹ Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.

The information above presents the funding progress of the Healthcare OPEB Plan specifically for MPERA as a State of Montana employer and is determined by the State of Montana.

At June 30, 2024 (reporting date), the most recent actuarial valuation available was performed by the State of Montana for current year 2024 as of December 31, 2022. The measurement date is March 31, 2024. This actuarial valuation is performed every two years with the next valuation to be performed as of January 1, 2024 for the calendar year ending December 31, 2024. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

Public Employees' Retirement Board*A Component Unit of the State of Montana***Notes to Required Supplementary Information for OPEB (Healthcare)**

Actuarial valuation date	December 31, 2022
Actuarial measurement date ¹	March 31, 2024
Experience study period	January 1, 2022 through December 31, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable because no assets meeting the definition of plan assets under GASB 75
<i>Actuarial assumptions:</i>	
Discount rate	4.12%
Healthcare cost trend rate	6.1% / 7.7%
Projected payroll increases	3.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

¹ Update procedures were used to roll forward the total OPEB liability to the measurement date.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations for **funding** purposes at the dates indicated. Additional information as of latest actuarial valuation follows:

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll, open	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period in years:			
Unfunded Liability	27	24	24
Unfunded Credit			
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:			
Investment rate of return compounded annually (net of investment expense)	7.30%	7.30%	7.30%
Projected salary increases			
General Wage Growth*	3.50%	3.50%	3.50%
Merit	0% - 6.3%	None	1.0% - 6.4%
*Includes inflation at	2.75%	2.75%	2.75%
Benefit Adjustments			
GABA	3% if hired prior to July 1, 2007; or 1.5% if hired between July 1, 2007 and June 30, 2013; or 0% to 1.5% if hired on or after July 1, 2013; after 1 year	3% after 1 yr	3% after 1 year or 1.5% after 3 years if hired on or after July 1, 2013
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5% of current benefit, for probationary officer's base pay

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Legacy Base as of June 30, 2023 over a closed 25-year period	Legacy Base as of June 30, 2023 over a closed 25-year period	Level percentage of payroll, open	Level percentage of payroll, open	Level percent of inflation, open
Contemporary Bases over a closed 10-year period	Contemporary Bases over a closed 10-year period			
24	24	18	8	Based on Actual Contributions
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.30%	7.30%	7.30%	7.30%	7.30%
3.50%	3.50%	3.50%	3.50%	N/A
1.0% - 6.4%	1.0% - 6.4%	1.0% - 6.4%	1.0% - 6.4%	N/A
2.75%	2.75%	2.75%	2.75%	2.75%
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed firefighter	N/A

Public Employees' Retirement Board*A Component Unit of the State of Montana***Schedule of Administrative Expenses****Year Ended June 30, 2024**

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457 (b)) Plan
Personal Services				
Salaries	\$ 2,785,357	\$ 343,594	\$ 419,130	\$ 119,361
Board Members' Per Diem	5,100		600	300
Employee Benefits	926,798	136,832	134,146	37,333
Total Personal Services	3,717,255	480,426	553,876	156,994
Other Services				
Consulting and Professional Services	655,190	2,473	390,693	363,232
IT Consulting and Professional Services	619,922		72,932	36,466
Legal Fees and Court Costs	2,582		259	87
Audit Fees	89,044		7,358	3,679
Medical Services	24,597		2,733	
Records Storage	4,236		498	249
Computer Processing	180,870	26,886	29,330	7,333
Printing and Photocopy Charges	31,716	260	3,210	5,585
Warrant Writing Services	57,752		6,794	3,397
Other	284,458	1,576	33,938	16,539
Total Other Services	1,950,367	31,195	547,745	436,567
Communications				
Postage and Mailing	72,295	1,464	14,809	25,613
Telephone	65,241	9,698	10,580	2,645
Total Communications	137,536	11,162	25,389	28,258
Other Expenses				
Supplies and Materials	285,088	17,279	38,714	14,645
Travel	22,858	271	2,879	1,319
Rent	15,234	2,265	2,471	618
Repairs and Maintenance	739	110	120	30
Compensated Absences	(77,427)	9,522	18,066	(3,971)
OPEB Expenses	9,254	(20,596)	12,383	1,335
Miscellaneous	855,400	84,253	91,638	66,638
Total Other Expenses	1,111,146	93,104	166,271	80,614
Total Administrative Expenses	\$ 6,916,304	\$ 615,887	\$ 1,293,281	\$ 702,433

Public Employees' Retirement Board*A Component Unit of the State of Montana***Schedule of Investment Expenses****Year Ended June 30, 2024**

Plan	Investment Manager	Fees
PERS-DBRP	Board of Investments	\$ 43,712,642
PERS-DCRP	Board of Investments	5,299
DISABILITY OPEB		
JRS	Board of Investments	831,432
HPORS	Board of Investments	1,354,137
SRS	Board of Investments	3,349,850
GWPORS	Board of Investments	2,081,252
MPORS	Board of Investments	3,675,235
FURS	Board of Investments	4,070,432
VFCA	Board of Investments	317,169
DC	PIMCO	49,479
	State Street Bank	3,785
	Transamerica	13,891
	Prudential	13,916
	Voya	13,925
457(b)	PIMCO	365,271
	State Street Bank	27,933
	Transamerica	102,605
	Prudential	102,789
	Voya	102,861
Total Investment Expense		\$ 60,193,903

Public Employees' Retirement Board*A Component Unit of the State of Montana***Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)****as of June 30, 2024**

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 81,433,580	\$ 822,699	\$ 82,256,279
Securities Lending Collateral	254,914,497	24,616	254,939,113
Receivables			
Interest	364,645	3,511	368,156
Accounts Receivables	3,484,952	5,692	3,490,644
Receivable from Other Systems	994,753		994,753
Due from Primary Government			
Notes Receivable	2,106		2,106
<i>Total Receivables</i>	4,846,456	9,203	4,855,659
Investments, at fair value			
CAPP Participant Pool	7,164,659,011		7,164,659,011
<i>Total Investments</i>	7,164,659,011		7,164,659,011
Property and Equipment	30,481	7,219	37,700
Intangible Assets	381,152		381,152
Intangible Right-to-use Assets	2,212,020	685,983	2,898,003
<i>Total Capital Assets - Net Accumulated Depreciation and Amortization</i>	2,623,653	693,202	3,316,855
Total Assets	7,508,477,197	1,549,720	7,510,026,917
Deferred Outflow of Resources - OPEB	198,718	34,935	233,653
Liabilities			
Securities Lending Liability	254,914,497	24,616	254,939,113
Accounts Payable	867,760	22,046	889,806
Contributions Received in Advance	44,278	48	44,326
Compensated Absences	344,779	60,613	405,392
Lease Liability	2,365,667	733,631	3,099,298
OPEB Liability	81,226	14,280	95,506
Total Liabilities	258,618,207	855,234	259,473,441
Deferred Inflow of Resources - OPEB	272,044	47,826	319,870
Net Position Restricted for Pension Benefits	\$ 7,249,785,664	\$ 681,595	\$ 7,250,467,259

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd) for the Fiscal Year Ended June 30, 2024

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 141,839,768	\$ 615,514	\$ 142,455,282
Plan Member	125,582,941		125,582,941
Interest Reserve Buyback	140,396		140,396
Retirement Incentive Program	315		315
Miscellaneous Revenue	109,549	2	109,551
State Contributions	1,246,463		1,246,463
State Appropriations	35,329,705		35,329,705
<i>Total Contributions</i>	304,249,137	615,516	304,864,653
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	649,356,001	101	649,356,102
Interest	4,581,810	41,781	4,623,591
Dividends			
Investment Expenses	(43,712,642)		(43,712,642)
<i>Net Investment Income</i>	610,225,169	41,882	610,267,051
Securities Lending Income			
Securities Lending Income	9,031,486		9,031,486
Securities Lending Rebate and Fees	(7,252,580)		(7,252,580)
<i>Net Securities Lending Income</i>	1,778,906		1,778,906
Total Net Investment Income	612,004,075	41,882	612,045,957
Total Additions	916,253,212	657,398	916,910,610
Deductions			
Benefits	562,569,641		562,569,641
Refunds/Distributions	15,223,858		15,223,858
Transfers to Other Systems	664,542		664,542
Transfers to MUS-RP	524,714		524,714
Transfers to DCRP	2,741,916		2,741,916
Administrative Expenses	5,508,645	615,887	6,124,532
Total Deductions	587,233,316	615,887	587,849,203
Net Increase (Decrease)	329,019,896	41,511	329,061,407
Net Position Restricted for Pension Benefits			
Beginning of Year Net Position	6,920,861,726	640,084	6,921,501,810
Adjustments and Restatements (Note A1)	(95,958)		(95,958)
Beginning of Year Net Position, adjusted or restated	6,920,765,768	640,084	6,921,405,852
End of Year Net Position	\$ 7,249,785,664	\$ 681,595	\$ 7,250,467,259

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd) as of June 30, 2024

	PERS-DCRP	PERS-DCEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 5,680,926	\$ 235,904	\$ 5,916,830
Securities Lending Collateral	137,651	7,134	144,785
Receivables			
Interest	17,651	990	18,641
Accounts Receivables	344,174	770	344,944
Receivable from Other Systems			
<i>Total Receivables</i>	361,825	1,760	363,585
Investments			
Defined Contributions Fixed Investments	24,998,513		24,998,513
Defined Contributions Variable Investments	474,336,076		474,336,076
<i>Total Investments</i>	499,334,589		499,334,589
Property and Equipment	3,365	767	4,132
Intangible Assets	91,060		91,060
Intangible Right to use Assets	266,771	76,220	342,991
Total Capital Assets - Net Accumulated Depreciation and Amortization	361,196	76,987	438,183
<i>Total Assets</i>	505,876,187	321,785	506,197,972
Deferred Outflow of Resources - OPEB	34,935	3,176	38,111
Liabilities			
Securities Lending Liability	137,651	7,134	144,785
Accounts Payable	192,271	753	193,024
Contributions Received in Advance	147	1	148
Compensated Absences	60,613	5,510	66,123
Lease Liability	285,301	81,514	366,815
OPEB Liability	14,280	1,298	15,578
<i>Total Liabilities</i>	690,263	96,210	786,473
Deferred Inflow of Resources - OPEB	47,826	4,348	52,174
Net Position Restricted for Pension Benefits	\$ 505,173,033	\$ 224,403	\$ 505,397,436

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd) for the Fiscal Year Ended June 30, 2024

	PERS-DCRP	PERS-DCEd	TOTAL
Additions			
Contributions			
Employer ¹	\$ 20,865,926	\$ 106,735	\$ 20,972,661
Plan Member	20,095,877		20,095,877
Miscellaneous Revenue	1,071		1,071
Non-Employer 19-3-319 MCA	129,810		129,810
Nonvested Member Forfeitures	1,345,278		1,345,278
<i>Total Contributions</i>	42,437,962	106,735	42,544,697
Investment Income			
Net Appreciation (Depreciation)			
in Fair Value of Investments	59,251,041	(10)	59,251,031
Interest	10,229,779	10,055	10,239,834
Investment Expenses	(94,996)		(94,996)
<i>Net Investment Earnings</i>	69,385,824	10,045	69,395,869
Securities Lending Income			
Securities Lending Income			
Securities Lending Rebate and Fees			
<i>Net Securities Lending Income</i>			
<i>Total Net Investment Earnings</i>	69,385,824	10,045	69,395,869
Total Additions	111,823,786	116,780	111,940,566
Deductions			
Distributions	31,578,320		31,578,320
Administrative Expenses	1,256,810	36,471	1,293,281
Miscellaneous Expenses	(7,544)		(7,544)
Total Deductions	32,827,586	36,471	32,864,057
Net Increase (Decrease)	78,996,200	80,309	79,076,509
Net Position Restricted for Pension Benefits			
Beginning of Year Net Position	426,176,833	144,094	426,320,927
Adjustments and Restatements (Note A1)			
Beginning of Year Net Position, adjusted or restated	\$ 426,176,833	\$ 144,094	\$ 426,320,927
End of Year Net Position	\$ 505,173,033	\$ 224,403	\$ 505,397,436

¹Employer contributions include State contributions that are listed separately on the main financial statements of this section.

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Report on Internal Control and Compliance

LEGISLATIVE AUDIT DIVISION

B-1

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee
of the Montana State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Employees' Retirement Board (board), a component unit of the State of Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the board's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the board's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control. Accordingly, we do not express an opinion on the effectiveness of the board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

December 16, 2024

PUBLIC EMPLOYEES'
RETIREMENT BOARD

BOARD RESPONSE

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

GREG GIANFORTE
GOVERNORWILLIAM HOLAHAN
EXECUTIVE DIRECTOR

STATE OF MONTANA

HELENA (406) 444-3154
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P.O. BOX 200131
HELENA MT 59620-0131

January 2, 2025

Angus Maciver, Legislative Auditor
Legislative Audit Division
State Capitol, Room 160
Helena, MT 59620

RECEIVED
January 2, 2025
LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

The Montana Public Employee Retirement Administration (MPERA) has reviewed the financial audit report for fiscal year 2024. We are pleased there are no recommendations in the report and will work hard to continue to provide the highest quality service possible to our members.

We appreciate the professionalism demonstrated by the audit staff and would like to offer our thanks to you for the courtesy and consideration extended to MPERA during the audit.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "William Holahan".

William Holahan
Executive Director